



Voyage into the void

'I began to cry with terror at the blankness of me, and the blankness of the world'

Page I



In a jam

'This year will probably go down in the annals of soft red fruit history as a wash-out'

Page XIX

<http://www.FT.com>

BT deal set to go ahead despite MCI troubles

By Alan Cane in London and Richard Waters in New York

British Telecommunications looked set to proceed with its planned \$20bn merger with US telecoms group MCI in spite of Thursday's revelations that MCI's business prospects have been seriously derailed.

Sir Peter Bonfield, BT chief executive, said he was "surprised and disappointed" by the news that MCI could lose \$800m in its US domestic expansion plans. Sir Peter, who learned of MCI's plight at an MCI board meeting in the US only on Wednesday, said: "We always knew it was a risk but now it seems to be a more costly and difficult situation than MCI thought before."

He said it was too early to say what action the company would take until it had analysed MCI's financial performance. He would not say whether or not BT might seek to renegotiate the deal.

The two companies plan to form the world's first global telecoms company. Concert, by the end of the year.

BT's shares fell 37p or 8 per cent to 440p yesterday as the stock market digested the implications of the profits warning issued late on Thursday.

BT said yesterday that discussions were taking place with MCI about its trading situation. "BT will be holding further discussions with MCI management in order fully to understand the reasons for, and extent of, the changes in MCI's prospects," Sir

Peter said MCI's first and second quarter results had been according to plan, but it had concluded it would have to redouble its efforts to break into the \$100bn a year US local telephone market. It had been impeded by anti-competitive tactics from incumbent operators, it alleged.

Losses in the US local telephone market business, a key part of the Concert partners' strategy, could reach \$800m in 1997, about double the figure planned.

Losses for 1998 could be even higher, it said.

MCI said it planned to maintain its assault on the local market, though it hinted that it might consider cutting back at some later stage. If US regulators do not act more forcefully to open the local market to competition, the company said it would reconsider its position.

BT did not necessarily accept the MCI solution to the problem, Sir Peter said. The two companies would examine whether there were other ways of breaking into local markets.

Investors and analysts were disturbed that BT seemed to have had no advance warning of the bad news. Analysts said they did not expect the news to derail the merger, though views were divided on whether BT would try to renegotiate the terms.

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FT

FINANCIAL TIMES

JULY 12/13 1997



A skip and a hop

'The sailors found the shoreline thronged with large, curious kangaroos'

Page XV-XVIII



Blue collar champ

'Some golfers would not be seen in anything but the latest designer trousers - but not Lehman'

Pages XX

Manila follows Thailand and devalues peso

By Justin Marozzi in Manila, Asif Huda in Kuala Lumpur and Manuela Saragosa in Jakarta

Pressure increased on south-east Asian currencies yesterday as the Philippines followed Thailand in allowing its currency to float.

The peso fell 10.4 per cent to a four-year low against the dollar, from 26.4 to 29.45 pesos, before trading was suspended by the Bankers Association of the Philippines.

The Philippines' move intensified the turmoil that has enveloped regional currency markets as governments struggle to maintain their parities against the dollar in spite of faltering export growth, weak domestic demand and sagging property markets.

Mr Gabriel Singson, governor of the Philippines central bank, said: "While the underlying exchange rate policy will remain unchanged, the central bank will allow greater flexibility in the peso-US dollar rate."

At the same time, Indonesia's central bank took a pre-emptive strike against speculative attacks on its currency by widening its intervention band for the rupiah against the dollar from 8 per cent to 12 per cent.

During the recent attacks on the peso, the Philippines central bank has argued forcefully that the exchange rate is market-determined, but regional currency traders - who regarded the peso as effectively pegged to the dollar - have successfully challenged that line.

In Washington, Mr Michel Camdessus, managing director of the International Monetary Fund, praised the move.

"The IMF strongly commends the Philippine authorities for their timely and decisive move," he said.

"I am confident that this set of measures, in conjunction with the authorities' resolve to maintain fiscal and monetary discipline, will help protect the Philippine economy from the consequences of instability in regional financial markets."

Economists said the decision to allow the peso to slide would bring inflationary pressures as interest rates are likely to remain high for some time, but the decision was generally welcomed.

Manila bows to storm, Page 4
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World Stocks, Page 21



Bill Clinton (right) and Romanian leader Emil Constantinescu are cheered by crowds in the capital, Bucharest. Mr Clinton, the first US president to visit Romania for 22 years, urged the

country to pursue reform and persist in its bid to join Nato, saying it was a 'house of hope' in a turbulent region. 'The door to Nato is open, and we will help you walk through it,' he added.

Investors lose their appetite for foie gras

By Andrew Jack in Paris

Foie gras may remain one of France's most decadent gastronomic offerings, but it is starting to give the country's corporate investors severe indigestion.

Threatened by low foreign demand, small-scale production and pressure on prices, the foie gras business is much less profitable than investors had hoped.

Suez, the French conglomerate, has just sold Roug , one of the best-known producers of duck-liver based pat  de foie gras.

"Foie gras was the in-thing for financial investors in the 1980s and early 1990s," says Mr Thibault de Kergorlay, head of Roug . "They saw it as an El Dorado in the luxury goods sector. But most producers lose money." For Ms Marie-Pierre P , secretary general of Cifog, the foie gras producers' association, the biggest challenge is seasonality.

"Three quarters of our annual turnover comes around Christmas and New Year," she says. Some of her members have also suffered under the pressure to cut prices - a small tin can cost about FF100 (\$17) - by out-of-town hypermarkets, which now account for 70 per cent of

annual sales. The industry is doing its best to raise foreign demand and cut down on seasonality. But its members are also fighting among themselves.

The established producers of the south-west of France recently sought European Union approval for a "geographically protected" sign on their output, to distinguish it from that of less well-known producers in the

north-west. Still, Suez's board might reflect that its foie gras holdings have a use beyond profits.

Its shareholders had grown accustomed to being rewarded for their attendance at the annual general meeting with a sample of the delicacy. The directors' decision this year to offer them a cut-glass ashtray caused a near riot.

News General

Nafta disappoints US

The North American Free Trade Agreement launched in January 1994 has produced only modest short-term gains for the US economy, the White House said yesterday. A long-awaited report to Congress included none of the extravagant claims made three years ago when the administration was urging the accord's approval. Officials point to increased exports to Mexico as evidence of its success, while the administration stresses political gains. Page 3

Already out of love with Jospin: Disillusionment with France's political system has meant the shortest of post-election honeymoon for Socialist prime minister Lionel Jospin. Increasingly, the French see their country less as a model for Europe than as an unsatisfactory "exception" - and many now think France's way forward may be to copy the labour reforms of European neighbours. Page 7

Russia's top banker probed: Russian prosecutors are to question top banker Vladimir Potanin and former government minister Andrei Vayns in what is said to be a criminal investigation into arms sales financing. Leaked documents suggest that, as a deputy finance minister, Mr Vayns's ministry bought \$37m of promissory notes from MFK, the bank he later headed, ostensibly to pay for MIG fighters. It is alleged the notes never reached MIG. Page 2

At a screen near you soon: Hollywood studios are considering a new way of distributing films - cheap, throw-away video discs for home viewing. Video Software Dealers Association president Jeffrey Eves outlined the scheme this week, saying it would give studios a bigger share of profits from the home video trade, worth about \$18bn a year in sales and rental revenues. Page 3

Woman in the News

Mo Mowlam has confounded the odds after what looked like a serious blunder last weekend over Orange Order marches. But tenacity alone will not be enough to ensure long-term political progress in the fevered world of Ulster

Page 7



News Business

Thomson-CSF sale off

France's Socialist government yesterday cancelled the privatisation of Thomson-CSF, saying it would find another way of integrating the electronics company into the European defence sector while keeping it under state control. The move, though clearly signalled by prime minister Lionel Jospin, will still come as a blow to the two rival French bidders for Thomson - the Alcatel telecommunications and engineering group and the Lagard re conglomerate. Page 24

Christie's may lead auction houses: UK-based fine art auctioneer Christie's has almost certainly overtaken Sotheby's as the world's biggest auction house after interim sales rose 15 per cent to £557m (\$808m). Demand for Impressionist and Modern pictures helped turnover to its highest since the art market peak of early 1990, and New York confirmed its position as an art sales centre, accounting for £306m of Christie's turnover. Page 24

Wall Street stocks end switchback week with a rally: Wall Street rallied after a volatile week in which the Dow Jones Industrial Average had reached nearly 8,000 points on Wednesday only to suffer a near 120-point decline. Producer price data yesterday showed no sign of inflationary pressure in the US economy and the Dow climbed 64.46 to 7,961.22 by 1pm in New York.

Other markets hit new highs, with Germany's DAX index topping 4,000 and the Swiss SMI index reaching 6,000. Page 21

Oil price weathers German plans: Crude oil dipped after Bonn approved the sale of Germany's 54m barrel oil reserves. The first 2.8m-barrel batch will be offered in two weeks. August Brent crude, which had shed 26 cents when the sale was outlined on Wednesday, was unaffected by yesterday's announcement of details of the sale. It finished on \$18.04, up seven cents. Page 8

Elmer stalks Swiss insurer: Swiss corporate predator Martin Elmer has increased his stake in Winterthur, the Zurich-based insurance group, fanning the takeover speculation which has helped buoy the company's shares in recent weeks. The investment trusts he controls, BK Vision and Stillhalter Vision, raised their shareholding in Winterthur from 14.5 to 18.3 per cent between mid-May and the end of June. Page 22

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Top banker faces questions in Russian arms cash inquiry

By Chrysia Freeland
in Moscow

State prosecutors are to question Russia's most powerful banker, Mr Vladimir Potanin, and a former leading government minister, Mr Andrei Vavilov, as part of what they are calling a criminal investigation into the financing of arms sales.

Leaked official documents published this week by Rosyskaya Gazeta, the government newspaper, implicated the bank MFK, a subsidiary of Oneximbank, Russia's mightiest financial group, in transactions surrounding a \$237m (£140m) sale of MIG fighter jets to India.

According to these documents, Mr Vavilov, then a deputy finance minister but later president of MFK, instructed his ministry to buy \$237m worth of promis-

sory notes from MFK, ostensibly to pay for the jets. It is alleged that the notes never made it to the MIG factory.

Earlier this month Mr Sergei Dubinin, the chairman of the central bank, said he knew of two cases in which three Russian banks had effectively stolen around \$300m from the state.

A spokesman at the federal prosecutors' office said a criminal investigation had been launched into the fighter jet affair. Prosecutors said they intended to question Mr Potanin, president of Oneximbank and a former first deputy prime minister, and Mr Vavilov, although charges have not been filed against any individual.

Adding to the intrigue, Mr Vavilov has abruptly left Russia. Mr Modest Kolerov, an Oneximbank spokesman, rejected suggestions that Mr

Vavilov might be fleeing the law, saying that "only rats and cockroaches flee, men go on holiday". He said the criminal investigation implied no wrongdoing on the bank's part.

"The bank could not be at fault. We were only implementing the instructions of the government," Mr Kolerov said. He blamed the tide of revelations about allegedly dubious transactions at the bank on Oneximbank's competitors.

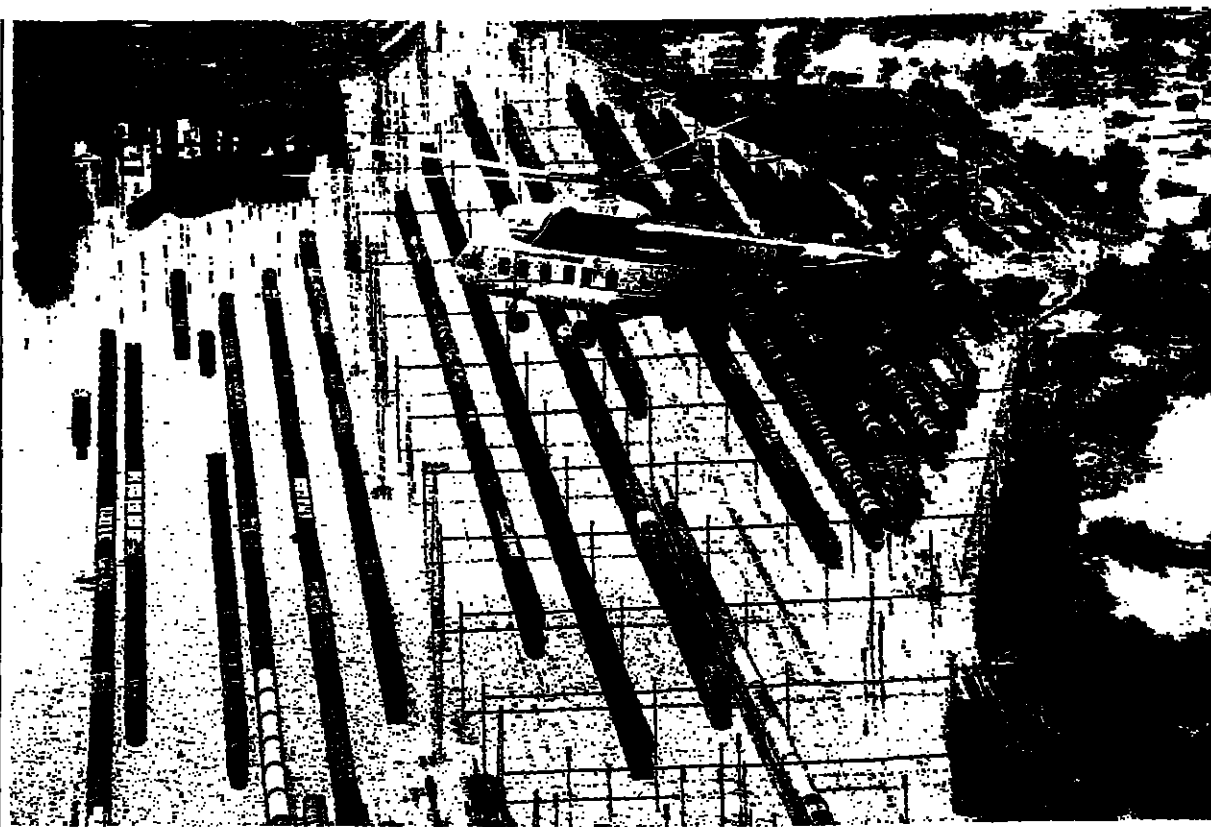
"All of the critical articles were placed and paid for by our competitors," Mr Kolerov said, referring to the common Russian practice of "ordered" newspaper stories, which, posing as news, are in fact financed by political or business interests.

Although scandals involving the alleged theft of hundreds of millions of dollars

from the state have become commonplace in Russia, this week's imbroglio could mark a turning point.

The bankers at the centre of the scandal have enjoyed exceptionally warm ties to top Russian government officials: Mr Potanin has long been a close ally of Mr Anatoly Chubais, the reformist first deputy prime minister, while Mr Vavilov has been linked to Mr Victor Chernomyrdin, the premier.

"This affair is a way for the government to establish a new relationship with the banks," said Mr Sergei Markov, a professor of political science. "The government wants to create a more competitive environment, with less favouritism. Chubais is applying pressure, but he doesn't want to destroy the banks, just bring them in line."



The Czech agriculture ministry said yesterday a preliminary estimate for crop damage from massive flooding in the eastern part of the country was about \$21.5m (\$46.2m) Reuters reports from Prague.

Mr Milos Kordac, assistant to the president of the Czech Agrarian Chamber, said data collected from most of the affected districts so far put damage to harvest at at least \$21.5m, with about 130,000 hectares of agricultural land affected. However, asked whether the situation would lead to a significant increase in imports, Mr Kordac said: "We think not. The damage is not so large as to deteriorate the balance of the market."

The flooding, which is reported to have claimed at least 33 lives, was moving south yesterday, although the level of water was said to be falling elsewhere.

▲ A helicopter (above) carries the Czech Republic's President Václav Havel over the flooded railway station at Ostrava.

Ireland's cunning old fox is cornered over secret payments

Followers of political bloodsports in Ireland have never had it so good.

Mr Charles Haughey, former prime minister and the cunning fox of Irish politics who has had the scent of scandal about him for much of the past 30 years, has finally been cornered.

Early next week Mr Haughey - who once counted Helmut Kohl and the late François Mitterrand among his close friends - is due to appear before a public tribunal to answer questions about payments totalling hundreds of thousands of pounds which he received from one of Ireland's leading businessmen during his 1987-1992 tenure as prime minister.

For Mr Haughey, it is a personal humiliation of the most fundamental kind.

For Ireland as a whole, the affair is a bitter blow to national pride. The most prominent politician of the past 20 years has been not only caught with his hands deep in the pockets of big business but also seen to have lied on numerous occasions in a vain attempt to preserve his political reputation.

"This is the biggest political scandal to hit Ireland since the foundation of the state," said an opposition front-bencher. Mr Bertie Ahern, the present prime minister, who served under Mr Haughey in various capacities, described events as "tragic and deplorable" and said confidence and pride must be restored in Ireland's body politic.

At issue are a series of secret payments amounting to £1.3m (\$1.97m) made by Mr Ben Dunne, former chief executive of one of Ireland's leading supermarket chains, to Mr Haughey.

At first Mr Haughey strenuously denied any knowledge of the Dunne payments. Only when confronted with evidence painstakingly tracked down through a web of offshore bank accounts by the tribunal's investigators did he finally admit this week to receiving the money.

He also admitted to misleading his own legal team as to the payments. (The tribunal heard that on one occasion Mr Dunne dropped in to Mr Haughey's Dublin home after a game of golf to hand over bank drafts totalling £1210,000. Each had a fic-

titious name - one was made out to a Mr Blair).

From 1987 to 1992, Mr Haughey constantly presided over a financial rectitude, pruned public spending and refusing to allow Ireland to sink deeper into debt. Many credit him with laying the

held court at Abbeyville, his Georgian mansion set on a 300-acre estate outside Dublin. There were race horses and fine wines. Any questions as to the origins of this wealth - Mr Haughey came from comparatively humble origins - were dismissed out of hand. Any persistent inquiry was likely to result in a lawyer's letter.

The main question doing the rounds in Dublin's restaurants and bars is whether more revelations about other payments - by Mr Dunne or other businesspeople - will come to light. There is talk of funds of up to £240m secreted in a bank account in the Cayman Islands.

If Ireland's tax authorities decide to take action against Mr Haughey, the former prime minister could face the ignominy of bankruptcy or jail, or both.

When he left office in early 1992, Mr Haughey quoted from Othello: "I have done the state some service, and they know't; No more of that."

But next week "more of that" is what the tribunal and the public will be wanting.

Kieran Cooke

Mr Dunne dropped in to Mr Haughey's home after a game of golf to hand over £1210,000 in bank drafts

foundations of Ireland's robust economic performance.

However, the prime minister showed no signs of putting any restraint on his own spending: there was talk of lavish parties on Inishvickillane, Mr Haughey's private island off the coast of County Kerry.

Mr Haughey, nicknamed "The Squire" or "The Boss",

Berlin dances to techno beat

Frederick Stüdemann reports on the city's annual Love Parade

If ever proof were needed that Germans know how to party, today's Love Parade in Berlin is it. Under the motto "Let the sun shine in your heart", more than 1m techno music fans from Germany and abroad are expected to descend on the city for a weekend of revelry.

The centrepiece of the festivities, which after nine years are almost as much of a national institution as the Cologne Carnival, is a procession through the city centre towards the Brandenburg Gate. The aural backdrop will come from sound systems blaring out all known forms of techno and ambient dance - a genre which to its detractors sounds like an amplified building-site at work, but which fans celebrate as something close to a spiritual experience.

Techno is one of the few pop genres in which German artists have been able to succeed internationally - perhaps because the music comes without words. For the MTV-generation, the Love Parade has put Berlin on the youth culture map.

Techno and the Love Parade are also an example of free-standing initiatives triumphing over official efforts to promote culture. In the past, Berlin was noted as a generous sponsor of pop music. But few of the third-rate bands backed by the city were ever either popular or successful.

Techno, by contrast, has more independent roots in countless disused industrial buildings and subterranean spaces where the first, mostly unlicensed, parties were held. And like most durable pop trends, techno was initially driven by a small group of fans who were often also the makers of the music. Only later, did record companies and merchandisers climb aboard.

The music chimed neatly with the mood of post-war Berlin. Most clubs were in the east of the city, where

crumbling communist industry surrendered vast chunks of suitable real estate to a eclectic band of party organisers. The gut-churning sounds of techno were a fitting farewell to Berlin's manufacturing base as noises once redolent of industrial effort were reworked into an entertainment genre.

Techno gave Berlin a chance to live up to its sometimes deserved reputation for revelry and louche behaviour. One bizarre consequence is that the Love Parade is now championed as one of Berlin's top attractions by local conservative politicians, a group not normally at ease with platform shoes, lurid T-shirts and chemical stimulants.

But while today's Love Parade is set to be the biggest ever, earning local businesses DM150m-DM200m (\$85m-\$115m), the original spirit of techno has been dissipated as the music has become part of the main-

stream, forming the backdrop to TV jingles and adverts.

What was originally recreational is now serious business. Many people who organised the first techno clubs are now the proud owners of Mercedes cars and country houses. Top DJs command fees of thousands of marks for a single appearance and have acquired a taste for business-class travel as they fly to bookings around the world.

The techno scene has also lost some of its best party locations as landlords have begun to redevelop derelict factories, or at least demand rent.

The Love Parade itself has been attacked by environmental groups which want to court in a (failed) attempt to get the event banned from moving through the Tiergarten, on the grounds that Berlin's main park could not cope with the dancing hordes and the rubbish left in their wake.



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In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Office at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature
(formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

Premier to join anti-Eta march

By Tom Burns in Madrid

Mr José María Aznar, Spain's prime minister, will lead a protest march through the Basque city of Bilbao today, just hours before the expiry of a deadline announced by the terrorist group Eta to kill a member of its centre-right Popular party.

Eta has threatened to shoot Mr Miguel Angel Blanco, 29, a municipal councillor in the small town of Ermua, unless the government agrees to move hundreds of their jailed members to prisons in or near the Basque Country.

Last Thursday's kidnap and the ultimatum rocked the Basque society and prompted the mainstream Basque Nationalist party, PNV, to drop criticism of the Madrid government's prison policy and close ranks behind Mr Aznar.

"Eta has imposed a condition which cannot be met," Mr José Antonio Ardanza,

chief executive of the PNV-led Basque government, said yesterday.

Eta snatched Mr Blanco just 10 days after the security forces had scored a notable success in their long-running war against the terrorists by freeing a prison officer who had been held captive by the organisation for nearly 18 months.

Yesterday thousands staged silent five-minute protests at midday outside city and town halls throughout Spain. The turnout was particularly strong in the Basque country itself where, unusually, several members of Herri Batasuna, Eta's political wing, as well as former Eta prisoners, spoke out against the terrorists.

Eta has been responsible for some 800 deaths and scores of kidnaps since the late 1980s. Most hostages have been businessmen held for ransom. Eta has shot five of its kidnap victims after its demands for their release were ignored.

French anger at deficit leak

By Samer Isikander and Andrew Jack in Paris

France's Socialist-led government turned on its opponents yesterday after the publication of confidential public-sector deficit figures produced by the former centre-right administration.

Several newspapers reproduced extracts of a report - submitted last month to Mr Lionel Jospin, the prime minister, by his predecessor, Mr Alain Juppé - which suggested France's deficit would be close to 3.5 per cent this year and 4 per cent for 1998.

The figures suggested that the new government would need to introduce considerable austerity measures or raise taxes in order to qualify for European monetary union. They also created a benchmark against which a government-ordered audit of public finances, due to be released on July 21, will be judged.

Mr Jospin's spokesman criticised the leak and said the figures suggested Mr Juppé's government had either lied about the state of France's finances during the election campaign, or did not know how serious the situation had become.

The row emerged the day after the government announced a debt-for-jobs swap with the SNCF, the state-controlled railway operator.

The agreement involves the government's taking FF20bn (\$3.88bn) of debt off

SNCF's balance sheet, reducing its financing costs. In return, the company will create 2,000 jobs, heavily subsidised by the government.

However, analysts suggested yesterday that the move might trigger an inquiry from the European Commission in Brussels, since transferring the debt into a special "service amorce de la dette" created in 1991 means the liability is not taken into consideration for the calculation of the total public debt.

The railways initiative is a nod towards the Socialists' electoral pledge to create 700,000 jobs, mainly for the young and long-term unemployed, and comes after Mr Claude Allègre, the education minister, promised to create 40,000 posts earlier this week.

"This will please everybody," said an economist in Paris. "The prime minister gets job creations, SNCF gets more money and the minister of transport avoids a confrontation [with the unions] over a reform it could not realistically go back on."

As a result of the deal, SNCF will gain roughly FF1bn. The debt alleviation will reduce its annual financial costs by FF1.3bn. The railway operator will fund directly 1,000 of the jobs for about FF200m, while a further 80 per cent of the cost of the remaining jobs will be funded by the government, under a scheme expected to receive parliamentary approval in the autumn.

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CORRECTION

Machine tools

The illustration headed "Machine tools: East European exports surge" on yesterday's World Trade page transposed the figures showing exports to the European Union and imports from the EU.

The figures in the article itself were correct.

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Interest Period: July 10th, 1997 to October 10th, 1997 (92 days)
Interest payment dates: October 10th, 1997
Interest rates: 5.50% per annum
Coupon amount: US \$ 150.78 per note of US \$ 10,000
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On your screen soon, for a limited run

Hollywood studios are considering plans for a novel means of film distribution - the cheap, throw-away video disc for home viewing.

An outline of the "secretly-shrouded" scheme for so-called Zoom TV was revealed this week by Mr Jeffrey Eves, president of the Video Software Dealers Association, who saw the scheme as another digital-age challenge to the conventional video rental market.

Implementation would give studios a bigger share of profits from the home video trade, currently worth about \$1.6bn in annual rental and sale revenues, he suggested.

Hollywood is considering cheap video discs, to be thrown away after one use. Video rental stores are not amused

The system comprises a digital video disc, encoded to allow only a single showing, which could cost about \$5 - the same as an average pay-per-view film delivered via satellite or cable, and a fifth as much as other DVD films currently available.

Viewers would have the option of throwing the disc away after use, or reactivating it - for a further charge each time - through a modified disc player connected by telephone line to the film's maker, distributor or an intermediate agent.

"The original sale price is split between the retailer, the studio and the owners of Zoom TV. Whether the retailers participate in subsequent transactions is questionable," Mr Eves said.

Some might view the innovation as the "evil twin" of the newly launched digital video discs, most of which are currently priced for sale rather than rental - reducing the video stores' share of the revenue stream.

"Some in Hollywood

might see this one-way product as an opportunity to turn every retailer in America into a movie merchant. Movies could become as ubiquitous as chewing gum," Mr Eves said.

Studio executives at the conference, caught off-guard by Mr Eves's disclosure, would not discuss the project. "We have a responsibility to review every avenue of distribution for our products," said Mr Louis Feola, president of Universal Studios Home Video, who was in Las Vegas to announce

his company's belated entry into the DVD film business. The studios' test-marketing of DVD players and discs this spring, and plans announced this week for a national launch in time for Christmas, have unsettled the US video rental trade at a time when its maturity is showing in slow growth.

According to Mr Eves, first-half revenues in the 28,000 US video stores fell 7 per cent in the first half of this year.

Last year's 2.5 per cent sales growth was a far cry

from the heyday of the business, in the decade to 1993, when turnover rose more than 10 per cent a year.

The strains on the industry have shown up most starkly at the international Blockbuster Video chain, part of the Viacom group, which has issued two profit warnings this year.

DVD's main customers - targeted by Warner Bros, which is leading the national introduction in November - are up-market consumers who tend to buy rather than rent their home entertainment.

Christopher Parkes

Modest US gains seen from Nafta

By Nancy Dunne in Washington

The North American Free Trade Agreement produced only modest short-term gains for the US economy, the administration said yesterday, in a long-awaited report on Nafta, delivered to Congress 10 days late.

The report, required by US law, was notable for the absence of the kind of extravagant claims made three years ago when the administration was urging congressional approval of the agreement.

As has become the norm, officials pointed to increased exports to Mexico - up by nearly 37 per cent in three years - as evidence of the success of Nafta.

Since the launch of Nafta in January 1994 the modest US trade surplus with Mexico has become a deficit of more than \$1.6bn. Officials attributed this to the strength of the US economy and the fallout from Mexico's 1994 peso crisis.

The report, low-key as it is, will form the basis for the administration's "push in Congress" for new trade negotiating authority with Chile and other Latin American and Asian countries. It should allow US officials to deny claims that free trade has led to net job losses, and that only big US business has reaped the benefits of using cheap non-US labour.

US officials point Nafta as one factor moving Mexico towards prosperity. Its critics yesterday were handing out their own reports blaming the trade pact for lower US wages and Mexico's woes.

A report from the Economic Policy Institute, the Institute for Policy Studies and other groups said the "overvalued Mexican currency gave the US a temporary trade surplus with Mexico in 1991-93, creating the illusion that Nafta would be a net job creator instead of a net job loser for Americans." The report has little to say about rising

imports from Mexico and Canada, beyond asserting that "the mainstream economic community has not developed any broadly agreed methodology to sort out from the nearly \$1,000bn in US annual imports, those imports that might displace US production."

The official report did not specify the percentage of the exports which "were the result of trade between different subsidiaries of multinational companies. But the flow of components and assembled products between the plants of multinationals in the region was a big factor in the motor industry, where US exports to Mexico rose 11 per cent between 1993 and 1996 to \$8.3bn and imports more than doubled to \$22.9bn.

Intra-company trade has also been significant in the electronics industry. The report said Nafta had enabled US companies to realise synergies in the North American market, boosting global competitiveness."

The entire Nafta region is sharing more and more textile and apparel production. Mexico's textile exports to the US rose from \$1.4bn in 1993 to \$4.2bn in 1996. Canada's textile and clothing exports to the US rose from \$1bn to \$2.8bn. US exports to Mexico rose by 79 per cent to \$2.8bn, while exports to Canada grew by 39 per cent to \$2.7bn.

Administration officials have been stressing the political gains of Nafta, claiming the transparency of the recent Mexican elections as a by-product of close US-Mexican co-operation.

"A prosperous, stable Mexico is better able to work with us in addressing other issues such as immigration and drugs," Mr Robert Rubin, US treasury secretary, said yesterday. "A healthy, growing economy in Mexico is not only in the interest of Mexico, but it is also very much in the national economic and security interests of the US."



Rescue workers search through concrete and steel yesterday hoping to find someone still alive in the ruins of a seven-story building that collapsed in Venezuela's worst earthquake in three decades. Almost 70 are dead so far.

Wholesale prices fall in US for record sixth month

By Gerard Baker in Washington

US wholesale prices fell for the sixth consecutive month in June, the longest run of monthly price declines in history, and further evidence that inflation is far from another interest rate increase by the Federal Reserve in the near future.

Prices paid to domestic producers for finished goods dropped by a seasonally adjusted 0.1 per cent last month, following falls of 0.3 per cent in May and 0.6 per cent in April, the Labour Department said yesterday.

In the first six months of the year producer prices fell at an annual 3.4 per cent. A sharp fall in food prices was the principal reason for June's drop. But even excluding the volatile food and energy components, the so-called core index rose by just 0.1 per cent last month. In the first half of the year, core prices fell at an annual rate of 0.4 per cent.

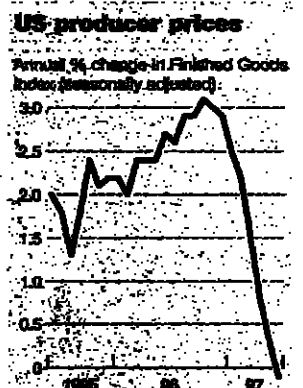
Producer prices are a good early warning signal of inflationary pressures in the production pipeline, and yesterday's figures confirm all the recent evidence that suggests inflation is

nowhere to be seen. Already buoyed by a wave of favourable recent economic data, financial markets were given yet another lift by the report. Bond prices surged as investors concluded the absence of inflation virtually ruled out another interest rate increase by the Federal Reserve in the near future.

In morning trading in New York, the yield on the benchmark 30-year treasury bond fell to 6.54 per cent, its lowest level since the start of the year. At 2pm, the Dow Jones Industrial Average was up 61.07 to 7,947.83.

Price declines are all the more remarkable in current circumstances because the US economy grew at a healthy annual rate of 3 per cent or more in the first six months of the year, a rate that would normally be expected to place upward pressure on prices as capacity constraints grow.

While some economists believe it is simply a matter of time before the continuing production pipeline, and yesterday's figures confirm all the recent evidence that suggests inflation is



performance, marked by solid growth with no inflation.

"Basically there is simply no pressure in the inflation pipeline," said Mr Bruce Steinberg, chief economist at Merrill Lynch, the New York investment bank. "We look for a stable inflation rate during the next year and would not rule out further disinflation."

A clear explanation for this benign state is still hard to find. At their meeting in May, even members of the Federal Reserve's policy-making open market com-

mittee admitted they had no idea why there was so little inflation at present.

Many producers claim they are unable to raise prices since the US market has become much more competitive in recent years, largely as a result of increased global competition. But the US has also clearly benefited in part from the strength of the dollar for most of the past two years, which has helped depress import prices.

Yesterday's figures did suggest, however, the merest hints of price increases further up the production pipeline.

Prices paid for intermediate goods were unchanged last month. Excluding food and energy, intermediate prices rose by 0.1 per cent. Raw material prices were less well-behaved. Though overall crude prices fell by 2.3 per cent in June, excluding food and energy they rose by 0.4 per cent, the fifth monthly increase this year. Core crude prices rose at an annual rate of 5.7 per cent in the first six months of the year, having fallen by 5.5 per cent last year.

INTERNATIONAL NEWS DIGEST

Waigel secures budget backing

The German cabinet gave unanimous backing yesterday to the plans of Mr Theo Waigel, the finance minister, for budget to allow extra borrowing this year.

Mr Waigel forecast that the government's strict spending controls - which set a 0.5 per cent growth target in federal outlays to DM461bn (€233bn) next year from state activity in the economy to 48.5 per cent of gross domestic product in 1998 from 48.5 per cent of gross

The minister predicted that the controversial Eurofighter project, which is to receive DM650m for pre-production expenditures from next year's defence budget, rising to DM1bn in 2001, would be approved by the Bundestag, the lower house of parliament, in autumn. Inclusion of Eurofighter in the draft defence budget was greeted with enthusiasm by the German aerospace industry. Daimler-Benz Aerospace (Dasa), the main German contractor, said it would strengthen the position of the German industry in Europe. Peter Norman, Bonn

Eleven shot in Bombay riot

Bombay police yesterday shot dead 11 people in clashes after residents of a low-caste suburb protested over a garland of shoes - a grave insult in India - found draped over a statue of B.R. Ambedkar, an author of India's constitution and political icon for India's lowest castes.

Violence erupted as police tried to force their way through a crowd at the statue. A police commissioner said police "had no option" but to fire after some of the crowd pelted officers with stones and others torched a bus. Witnesses claimed police fired without provocation.

It was unclear who desecrated the statue, though politicians said the area had been a flashpoint between low-caste residents and members of the extreme Hindu nationalist Shiv Sena party. Mark Nicholson, New Delhi

Mixed feelings on Nigeria

The Commonwealth's predicament over Nigeria was highlighted yesterday when it endorsed General Sani Abacha's efforts to restore democracy in Sierra Leone while avoiding direct criticism of his failure to end military rule at home.

After a two-day hearing, the eight-member ministerial action group expressed support for "efforts to restore the legitimate government of Sierra Leone, currently being undertaken by the Economic Community of West African States" (Ecowas).

Nigerian troops are playing the leading role in Ecowas efforts to reinstate Mr Tejan Kabbah, Sierra Leone's civilian president, who fled after the coup in May.

Speaking privately, Commonwealth officials acknowledge the difficulty of reconciling their support for Nigeria's role in Sierra Leone with the organisation's efforts to persuade the Abacha regime to restore civilian rule. Nigeria was suspended from the Commonwealth two years ago after the execution of minority rights activists. Michael Holman, London

Global bank standards urged

A group of leading international bankers and regulators yesterday proposed a new system of self-regulation for the largest global financial institutions, built around a set of industry standards for controlling risk.

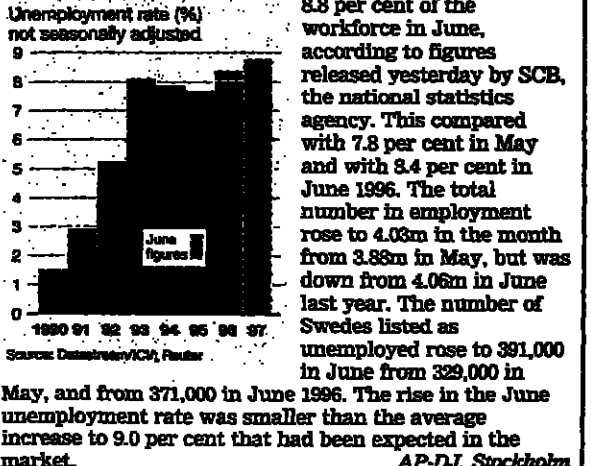
The Group of 30, a Washington-based financial think tank, said the global operations of the largest banks and financial institutions had outgrown national accounting, legal and supervisory systems which now control them.

The G30 report proposed a new standing committee to lay down standards for monitoring and controlling risk in international banks. External auditors should report on whether the biggest institutions, whose collapses could threaten the entire financial system, complied with these standards. George Graham, London

*Global Institutions, National Supervision and Systemic Risk: Group of 30, 1990 M Street NW Suite 450, Washington DC 20036, USA. \$40

Unemployment up in Sweden

Sweden's official unemployment rate rose to 8.8 per cent of the workforce in June, according to figures released yesterday by SCB, the national statistics agency. This compared with 7.8 per cent in May and with 8.4 per cent in June 1996. The total number in employment rose to 4.02m in the month from 3.98m in May, but was down from 4.06m in June last year. The number of Swedes listed as unemployed rose to 391,000 in June from 389,000 in May, and from 371,000 in June 1996. The rise in the June unemployment rate was smaller than the average increase to 9.0 per cent that had been expected in the market. AP-DI, Stockholm



Court cuts \$1.7m off accountants' BCCI fee

By Jim Kelly, Accountancy Correspondent

British accountants called in to the failed Bank of Credit and Commerce International overcharged by more than \$1m (\$1.7m) in the immediate aftermath of its collapse in 1991 following the world's biggest banking fraud.

A court in Luxembourg, where the bank was registered, yesterday fixed the fees of liquidators Deloitte & Touche at £1,800,000 for the six months after regulators closed the bank in 1991. The

accountants had charged \$2,857,306.

Mr John Connolly, managing partner at Deloitte & Touche, said the decision was "incomprehensible" in the light of the liquidators' success in recovering \$4bn after the bank failed with liabilities of \$10bn. The firm intends to appeal.

But some creditors will see the ruling as vindicating allegations that fees have been inflated and will seek to have some of the liquidation fees reduced. So far liquidators' fees are understood

to be \$133m since the collapse of the bank - half of which is to pay legal costs.

"Despite the size and complexity of this liquidation it is a universally acknowledged fact our rates were well within industry standards and have previously been approved by courts within the UK," said Mr Connolly.

The liquidators will resist attempts to use the ruling - which refers only to the pre-liquidation period - to drive down overall fees since 1991. They claim the six months

in question were vital to the success of the entire operation to secure BCCI's assets. This entailed complex cross-border moves and negotiations with those charged for a routine auditing assignment rather than highly specialised insolvency work.

Relations between the London-based liquidators and the Luxembourg authorities have been strained. Deloitte & Touche is in the process of suing the Luxembourg banking regulator for allegedly failing properly to regulate BCCI. The effect of

the ruling - if no appeal is allowed - will be to swell creditors' funds.

So far up to 100,000 creditors have received a 24.5 per cent dividend. A further dividend, possibly as high as 15 per cent, is likely before the end of the year. Creditors' funds could be swelled by a third dividend and the receipts of court actions taken on their behalf. Liquidators are waiting to hear if they will be able to take action against the Bank of England for allegedly failing to regulate BCCI.

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NEWS: INTERNATIONAL

Netanyahu pledges cuts and extra cash

By Judy Dempsey
in Jerusalem

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday renewed his pledge to cut spending by an extra Shk600m (\$168m) this year despite promising his coalition partners Shk2bn in extra spending to keep the government intact.

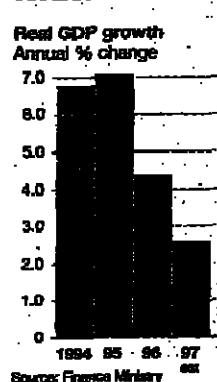
The expenditure cuts are aimed at reducing the budget deficit to 2.8 per cent of gross domestic product, despite lower than expected economic growth. Economists said they were unsure how Mr Netanyahu could reconcile his economic goals with political promises.

Finance ministry forecasts

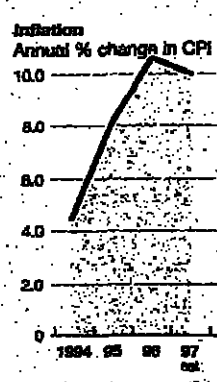
published this week show that GDP growth will slow to 2.5 per cent this year from 4.4 per cent in 1996 while immigration, the engine of economic growth, is set to fall by 10,000 to 63,000 over the same period. Unemployment will rise to 7.9 per cent and private consumption will fall from 5.5 per cent last year to 2.3 per cent in 1997.

Mr Netanyahu was supposed to have announced the Shk600m cut three weeks ago at a special cabinet meeting which triggered the resignation of Mr Dan Meridor as finance minister. Instead, he allocated funds to Yisrael B'Aliya, the Russian immigrant party, to

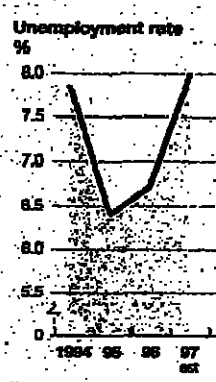
Israel



Source: Finance Ministry



Source: Finance Ministry



Source: Finance Ministry



Source: Finance Ministry

keep it in the coalition. And following this week's cabinet reshuffle, Mr Netanyahu promised more funds

to Geshet, the party led by Mr David Levy, the foreign minister, and to the religious parties in an attempt to

ensure their support in a government paralysed by division. The prime minister said

yesterday it was "nonsense" that buying the support for the cabinet reshuffle - as well as a change in the style of decision-making - had cost the treasury Shk3bn. "The agreement [with the parties] was an expression of general intentions... things which appear in it will be brought up for discussion only in the framework of the budget," he told the daily newspaper Yediot Aharonot. Mr Netanyahu also insisted he would take steps to reform the fiscal system through lowering the tax burden, broadening the tax base and scrapping some benefits. He would also liberalise the economy, but admitted it would not be

easy. "Elements which have partisan interests will remain because they enjoy protection. Economic freedom frightens them," he told the newspaper.

One official close to the prime minister's office said: "If Netanyahu promises one thing to his partners and says the contrary, he will soon face another crisis." Mr Yaakov Neeman, the new finance minister, said earlier this week he would press ahead with introducing a Shk600m cut. Although considered a free marketeer, he will be under pressure from the religious parties in the coalition, to which he is very close, to increase spending on housing and education.

Kenyan MPs threaten to block elections

By Michele Wrong in Nairobi

Opposition parliamentarians in Kenya threatened to make the country ungovernable yesterday unless their demands for constitutional reform were met.

In a significant hardening of their stance, a group of 10 opposition MPs said they had gone beyond considering a boycott of polls, expected later this year. "We are saying more than that. No reforms, no elections," said Mr James Orengo, deputy leader of the opposition. "We will mobilise the public to ensure there are no elections."

Drawing parallels with the mood in Zaire before President Mobutu Sese Seko's overthrow, he said Kenya was seeing the start of a revolution. "The flame of change is flickering in this country. We do not want to be left behind by the Kenyan people."

Mr Moi has so far brushed aside pressure to repeal a range of laws critics say give him an unfair advantage in the polls. In his first public comments on Monday's clashes between demonstrators and police, which left at least nine people dead, he blamed the bloodshed on the opposition and told western nations calling for dialogue they had no moral authority to tell Kenya how to behave.

His resistance to compromise appears to be stoking rejection of an already unpopular government. Leaders of the Kikuyu, Kenya's biggest and most commercially successful tribe, vowed earlier this week to disrupt the elections unless the constitution was amended, and Protestant churches joined Catholic bishops in calling for an immediate start to the reform process.

The civil unrest is taking its toll on Kenya's financial markets. Although the Nairobi Stock Exchange index was only 13.59 points down on the previous week, share volume was 66 per cent lower as foreign buyers waited to see how the political situation would unfold. "Foreign investors are hanging back rather than getting out of the market," said Mr Amish Gupta, of Shah Munge stockbrokers. "They are quite nervous."

The shilling, which some banks quoted as closing at 60.25 against the dollar, lost more than 10 per cent in its value during the week. Analysts said the Kenyan currency had only been saved from a more dramatic fall by Central Bank of Kenya intervention.

The fixed-income market, which has seen a massive influx of money attracted by Kenya's high interest rates, witnessed an unusual level of activity by investors cashing in on maturity. "The reaction has been worse than we expected. We would have liked people to wait a week at least before acting," said Mr Gupta.

Manila bows to lash of currency storms

After spending \$1bn in vain, the Philippines will let the peso float, writes Justin Marozzi

"There is a rolling thunder of depreciation, devaluation and deflation going around Asia," says Mr Michael Taylor, chief economist at Indosuez W.L. Carr Securities in Hong Kong. "It would be a very brave or very rich central bank that would pretend it could stand in the way of such a trend."

With international reserves of only \$10bn and short-term interest rates at an unsustainable 32 per cent, Mr Gabriel Singson, central bank governor of the Philippines, proved neither rich enough nor brave enough to resist.

After spending \$1bn of the reserves in a vain attempt to defend the currency over the past week, the Philippines yesterday decided to follow Thailand in moving to more flexible arrangements. Its central bank will now allow the peso to move "within a new wider range consistent with significantly changed market conditions".

"This is expected to remove the incentive for speculation against the peso and allow a gradual reduction in interest rates more compatible with the economy's requirements," Mr Singson said.

With low inflation, rising economic growth, a fiscal surplus, and an export performance which has outstripped its south-east Asian neighbours, most of the country's fundamentals are sound.

But, warns Mr Neil Saker of SocGen-Crosby in Singapore, the lesson from Thailand is that devaluation causes interest rates to go up, not down.

The fear in the Philippines now is that tight money could add to the squeeze on the economy in the short run, curbing growth prospects and adding to risk in the overheated property market.

And the Philippines, which already relies heavily on remittances from overseas workers, will have to find a way of financing its current account deficit, a

nagging concern at \$1.13bn for the first quarter or just under 5 per cent of gross national product.

There was some relief in markets yesterday that the International Monetary Fund moved quickly to promise additional support if needed.

Much depends on where the peso finally settles. Opinions vary as to the degree to which it was overvalued, but the initial plunge of 10.4 per cent may not be an indication of that, says Mr Bernard

'Unlike Thailand, this is not a country in distress'

Eschweiler, head of economic research for Asia at J.P. Morgan in Singapore.

"I look at the depreciation as a temporary phenomenon," he says. "Unlike Thailand, the Philippines is not a country in distress. We don't think there is going to be a substantial depreciation and don't expect much movement in either imports or exports." Foreign exchange dealers say the peso is expected to consolidate around 27-28 to the US dollar, compared with 26.40, at which it closed on Thursday night. Comparisons with Thailand, which has haunted Manila's stock market for much of this year, suggest some vulnerability in the banking and corporate sector following such a *de facto* devaluation.

Dollar lending by Philippine banks now amounts to 27.5 per cent of their total loans, against 10-15 per cent in Thailand.

Because Philippine banks, unlike their Thai counterparts, are obliged to maintain a 100 per cent hedge on dollar borrowing - a regula-

tion which analysts say they generally observe to within 1 or 2 per cent - the direct impact of the devaluation is not expected to be particularly harmful.

But over 20 per cent of local companies with foreign currency loans are estimated to have no natural hedge. This will increase banks' bad loans and eat into their profits.

Manufacturing companies which rely on high levels of imports are also likely to be hurt.

Under local accounting practices, Philippine companies are obliged to capitalise profit and loss on foreign exchange. This will affect those most exposed to foreign borrowings.

Yet Mr Raul Concepcion, president of the Philippines Federation of Industries, says allowing market forces to determine the exchange rate and introduce more volatility is clearly preferable to maintaining interest rates at levels which have more than doubled in the past fortnight and are already starting to damage local businesses.

"They couldn't continue to defend [the peso] with high interest rates," he says.

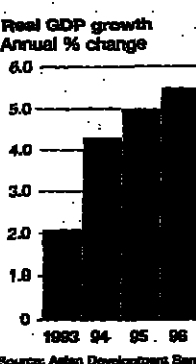
"If this were to continue, the penalty to industry of higher interest rates would certainly be far greater than keeping the exchange rate at 26.40."

As Mr Eschweiler puts it, "increased currency volatility will serve the Philippines well because it gives economic policy makers more room to focus on domestic monetary policy conditions without being constrained by the exchange rate. I don't think the economy is going to be suffering too badly."

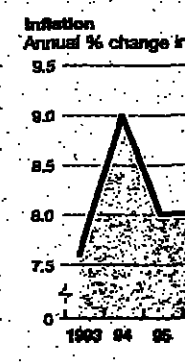
But other economists, such as Mr Saker, say they are relieved that the International Monetary Fund whose programme in the Philippines had been due to expire this summer, is to extend its arrangement. "This is a bonus. It would be very dangerous for them to leave at this stage."

World Stocks, Page 21

Philippines



Source: Asian Development Bank



Source: Asian Development Bank



Source: Asian Development Bank



Source: Asian Development Bank

Egyptian militants consider truce call

By Mark Hubbard in Cairo

Leaders of Egypt's main militant Islamist organisation are considering a truce in their five-year campaign of violence against the government, which has left 167 people dead since the beginning of this year.

Five senior members of the Gama'a al-Islamiya now in prison in Egypt have recommended that the organisation end the violence. One of the signatories also has links with the Jihad organisation, which carried out the assassination of President Anwar Sadat in 1981.

The recommendation is believed to be under consideration by Gama'a al-Islamiya supporters in exile. The group's statement was read out by one of 97 defendants being tried along with other alleged Islamists in Cairo. All are accused of launching attacks during 1994 and 1995.

The statement appears to have been the initiative of the prisoners. They are generally regarded as less influential over the organisation's activities than its leaders outside the country. The latter can communicate with cells inside Egypt and have access to funds with which to finance guerrilla operations.

According to the London-based Arabic daily newspaper Al-Hayat, the five signatories had tried and failed to communicate their intentions to external leaders of the organisation before they issued the statement. The fact that there have been no attacks by the militants during the past few days is regarded as a sign that the call may have been heeded, despite the absence of official approval by the organisation's ruling council.

The truce call, to which the government has not responded, follows the exposure by Egyptian security forces of an alleged plot by members of the Gama'a al-Islamiya to blow up the US and Israeli embassies in Cairo.

Four lawyers arrested on June 8 were said by the Egyptian military prosecutor's office to have been discovered with plans of the embassies. A fifth lawyer is being sought by police.

On June 28 three members of the organisation were hanged, a year after being sentenced to death for launching attacks in Upper Egypt, where most Islamist guerrilla activity has been concentrated since the conflict started in 1992.

A concerted campaign by the security forces has now virtually destroyed the organisation.



Israeli troops in Hebron yesterday jump for cover as a petrol bomb bursts into flame among them. Arab despair at the deteriorating Middle East peace process hit a new low yesterday when two Arab leaders voiced doubts that total breakdown can be averted. King Hussein of Jordan said Mr Benjamin Netanyahu, Israeli prime minister, had "let the people of Israel down" by stalling on commitments to the Palestinians. Mr Amr Moussa, Egyptian foreign minister, in a newspaper interview, blamed Israeli intransigence for the failure of an Egyptian initiative to revive direct talks between Israel and the Palestinians. Picture: Reuters

Tiny stickers are latest craze sweeping nation

Sega's Print Club puts Japan in the picture

By Gwen Robinson in Tokyo

Any visitor to Japan these days will probably notice the proliferation of brightly painted and curtained machines in urban areas, and the long queues of schoolgirls and young female office workers, or "office ladies", patiently awaiting their turn.

When the time comes, they huddle in front of a screen behind the little curtains, making faces and earnestly discussing the choice of formats before the machine takes their picture.

Within two or three minutes, there are shrieks of laughter and mortified howls, as the machine produces a shiny sheet of tiny digital colour photographic stickers.

Welcome to Print Club. From the country that brought you Super Mario Brothers and Tamagotchi, the virtual pets, prepare now for the next craze to be exported overseas. These machines will appear in Europe by the end of summer and will be launched in the US in September.

In Japan, the stunning success of Print Club, or *perikura*, has been attributed to the voracious appetite for novelty among young people. It also caters to a certain narcissistic glee among regular users. Each machine has a choice of 30 or more

frames and settings, and for Y300 (\$2.60), produces a sheet of 16 to 20 thumbnail size photo-stickers.

These are carefully divided and swapped between friends. They are stuck on calling cards, schoolbooks and mobile phones. Regular users have generated a new market for albums specifically made to hold the rectangular sheets.

Among schoolgirls, the goal is to collect 1,000 different stickers and then to collect 1,000 more. Social commentators, musing over the collective psyche of the *perikura* generation, have noted the powerful appeal of Print Club culture - the ritual of lining up with friends, the special vocabulary and the swapping of stickers.

"It's just another way kids can 'belong' to something... but will it work in America?" asked a Japanese newspaper.

Print Club began life last year as the hottest novelty in Japan's vast network of game parlours. Now, however, they are appearing in places as diverse as railway stations, convenience stores and footpaths. At last count, there were nearly 15,000 machines - each averaging about Y30,000 a day in sales - in Japanese cities and demand is still growing.

The prime beneficiary has been videogame giant Sega Enterprises, which initially

developed the machines in conjunction with the Tokyo video arcade-game maker Attus, to enhance its own empire of amusement facilities.

The Print Club craze is one of the only bright spots in Sega's outlook, which has been clouded by falling sales of its Saturn game machine in the face of Sony's more popular PlayStation, and the recent breakdown of its planned merger with the toy maker Bandai.

Sales from Print Club buoyed Sega's earnings in the business year to March, and in the current year, the company is relying on Print Club's continuing success for at least half of total sales. Sega also has high expectations for Print Club's reception overseas following the success of the Tamagotchi, produced by Bandai, and is now working on a version of Print Club featuring the Tamagotchi character.

Like any mega-fad in Japan, new versions of Print Club are rapidly outstripping sales of earlier machines. Each attracts a new wave of collectors who want to acquire the entire range of formats on offer. One of the most successful developments has been a Print Club machine that superimposes images of celebrities in the photo, so that fans appear to be side by side with their idols.

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Hardline Protestants threaten to quit 'bogus' multi-party talks chaired by Mitchell

Crisis over parades eases in N Ireland

By John Knapman in London and John Murray Brown in Belfast

Hardline Protestant politicians in Northern Ireland last night threatened to pull out of multi-party talks about the region's future after reluctantly agreeing to call off parades that could have led to bloodshed.

The last-minute concession by the Protestant Orange Order to re-route or postpone marches through nationalist parts of Belfast, Londonderry and other towns provided the government with a respite after a week of criticism from nationalists. But there will nevertheless be 18 Orange Order rallies across Northern Ireland, and nationalists are expected to

The intervention of Lord Molyneux, the former leader of the Ulster Unionist party and head of the Black Protestant, a sister organisation to the Orange Order, was yesterday seen as instrumental in securing Orangemen's agreement about marches planned for today, John Murray Brown writes.

Many members, who see marching as an expression of their Protestant faith - even if nationalists see it as an act of supremacy - are anxious not to repeat the violence that followed last week's parade in Portadown from Drumcree Protestant church through the Roman Catholic Garvaghy Road.

Mr Joel Fattom, of the hardline Spirit of Drumcree movement, attacked the Orange Order's decision as a capitulation to republicanism. But most Orangemen are playing down talk of a split in the 60,000-member organisation.

Outsiders will no doubt wonder at the influence wielded by a party that wears bowler hats to commemorate ancient battles between Protestants and Catholics. But in rural parts at least, Orangemen tend to be respectable members of the community.

"We had a choice between a potential bloodbath and a propaganda coup. We chose the latter," said Mr Drew Nelson, a liberal Orangeman.

brinkmanship. Mr Gerry Adams, Sinn Féin president, called for nationalist protests planned for the week-end to be "stood down". However, he played down expectations of an early move towards a ceasefire by the Irish Republican Army, the paramilitary organisation linked to Sinn Féin.

The Belfast Grand Lodge of the Orange Order, which represents the city's 20 district parades, said the UK government had failed to provide adequate security for the events. The lodge challenged the government to tackle the parades issue in a more concerted way.

Mr Robert McCartney, an independent Unionist MP, said he was prepared to walk out of the multi-party talks, which he described as "entirely bogus".

Long ride from racing cars to soccer rescue

Robin Herd, once head of the March Formula One motor racing team, says he will be watching tomorrow's British Grand Prix at home on television. Now chairman of the First Division soccer club Oxford United, he has other projects to think about.

Mr Herd is believed to have been talking, among others, to Juventus, the Turin-based club owned by the Agnelli Fiat empire. An agreement between the two clubs - likely to involve sharing information, resources and players - would be a stunning coup for Mr Herd. It is not the first time the Oxford chairman has shown vaunting ambition. In 1969 he was a promising 31-year-old racing car designer with £1,000 (£1,690) borrowed from his mother. By 1968 he was the chairman of the world's most successful racing car manufacturer, and owner of the first such concern to go public.

Sport was a passion from the start. As a child, he watched his local soccer team, Manchester United. At school he was a compulsive reader of Motor Sport magazine from under a desk lid.

On a visit to Oxford he went to the Manor Ground to watch his future team

play. In 1962 the inconspicuous club won promotion to the Football League.

In 1965 Mr Herd joined a fledgling Formula One team, led by New Zealand driver Bruce McLaren. Within three years Mr Herd's designs were winning races, but he moved again, first to Cosworth Engineering, and then on his own. The March motor racing team was founded in 1969. Mr Herd's partners included Max Mosley, now president of the Fédération Internationale de l'Automobile.

"There were four of us, and we all had to raise £2,500," says Herd. "I borrowed a grand from my mother and put it on Jackie Stewart to win the world championship at 5-2. Stupid odds really, he was bound to do it that year."

March never truly cracked Formula One, but in the lesser formulas it was very successful. In 1981 the company entered US Indy car racing. "Until then the Americans built their own cars," he says. "We came along, with Formula One technology, with cars that were faster and much cheaper to buy than they could build. We made six in 1981. In 1984 we had 23 cars of the 83 on the grid for the Indianapolis 500."



Grandstand seat: Robin Herd has invested in his passion for sport at Oxford United

'They were £5m in debt, losing £1.5m a year but he said it was a business opportunity too good to miss'

The Indy car orders made March wealthy, and in 1987 the group was floated on the United Securities Market. Herd took a back seat in order to create a Formula

One team within the group, which was subsequently sold to Leyton House, a Japanese industrial property group. By the time the group fell on hard times, following an unfortunate diversification into financial services, he was no longer chairman. Three years ago, Mr Herd was approached by a local radio journalist with a view to helping Oxford United. "They were £5m in debt, losing £1.5m a year, there was litigation hanging over from the days when Robert Maxwell (the publishing tycoon who died in 1991) was chairman, and they

needed a new ground," says Mr Herd. And then with a huge laugh: "But he told me it was a business opportunity that was too good to miss."

He declines to say how much of his money has gone into rescuing Oxford but admits cheerfully that "the barrel's pretty empty".

The club, though, was promoted to Division One at the end of the 1995-96 season and will be moving to a new ground in December, with almost twice its present capacity.

Shaun Campbell

Railway revamp delayed by dust

By Charles Batchelor, Transport Correspondent

Trials of new trains being delivered for London Underground's Northern Line are being held up by a combination of dusty tunnels and the air conditioning system on the new trains.

The Northern Line, which runs through stations in the City and West End, is notorious for its old trains and dirty stations.

The Northern Line has 37km of tunnel, which makes it the third longest railway tunnel in Europe after the Channel tunnel and a line on the Moscow Metro.

The new trains are being delivered by GEC-Alsthom as part of an £800m (£1.35bn) - 500m contract. The London Underground's "dust-buster" train, which would normally suck up dust and other debris from the tunnels, is out of action following a derailment in March.

The Underground normally relies on passengers opening windows to ventilate its trains, and the new Northern Line trains are the first to have active air-conditioning which sucks in and cools air.

Normally the dust which accumulates in Underground tunnels is sucked off the walls and tracked by the 50-year old cleaning train. This travels through the system at walking pace at night when normal services have stopped.

But in March it was derailed on a tight curve and is now parked in a depot waiting for new bogies - or wheel sets - to be fitted. London Underground says it will be another month or two before repairs are completed.

London Underground said: "Recent gauging runs [to test whether the new trains fit in the narrow tunnels] on the Northern Line have identified a problem with dust entering the air conditioning on the new trains. We are confident we can overcome this issue."

This is the latest in a series of setbacks on the Northern Line project, halted when it was signed in December 1994 as an early example of the private finance initiative at work.

GEC-Alsthom paid several million pounds in penalties after delivery of the first train was held up for more than a year by problems at its Metro Cammell train building works in Birmingham.

A section of the Underground's Bakerloo Line in central London which has been closed for maintenance since November last year is due to reopen on Monday. The closure has meant that many passengers in central London have had to make detours on the network.

UK NEWS DIGEST

Bloomberg TV service launched

Bloomberg, the business news and information group, yesterday launched a 24-hour satellite television service on the Astra satellite system, will be aimed at affluent individuals across western Europe. Bloomberg television will be free-to-air and supported by advertising revenue. Mr Michael Bloomberg, founder of the group, said in London yesterday that the satellite channel would well as providing business news, weather and style issues, as probably be CNN International. Bloomberg television is already broadcast on cable systems across Europe via Eutelsat satellite system.

Raymond Snodgrass

UN ENVIRONMENT PROGRAMME

Funding restored after dispute

Britain is to restore its funding of the United Nations Environment Programme following a dispute about the way the body was managed. Mr Michael Meacher, environment minister, yesterday announced that the UK would pay £4.35m (£7.85m) to UNEP to fund a range of projects. The UK suspended payments to the Nairobi-based body last February after complaints from the Conservative government that it was badly run and spent too much on administration.

George Parker

OVERSEAS EARNINGS

Net non-UK earnings of finance sector

	1998	1990	1992	1994	1996
Banks	2,974	5,152	5,830	7,048	7,113
Insurance houses	3,344	2,157	3,739	3,990	6,141
Pension funds	1,079	1,356	1,486	1,723	2,271
Securities dealers	1,170	1,232	2,158	2,185	2,190
Investment trusts	155	199	265	291	371
Baltic Exchange	334	474	300	262	260
Commodity dealers and bullion traders	415	431	455	576	642
Total	10,684	11,886	16,297	18,355	22,658

* Includes companies not shown

Source: British Venture Capital Association

Financial sector eases trade deficit

Earnings outside Britain by the financial sector jumped by £2.0bn to £22.7bn (£38.4bn) in 1996, more than accounting for the reduction in the current account deficit of the UK's balance of payments last year, according to statistics compiled by British Invisibles, the private sector body which promotes services exports.

The biggest contribution came from the banking sector. Although lending income dipped by 4 per cent to £4.8bn, fees and commissions rose 6 per cent to £1.85bn. Direct investment income from overseas subsidiaries recovered strongly to £1.33bn, after a slump to £180m in 1995. Mr Duncan McKenzie, economic adviser to British Invisibles, said the UK's financial sector was well positioned to build on its strengths. "Further growth in its overseas earnings reflects the consolidation and strengthening of London's leading position," he said.

George Graham

HYUNDAI PLANT

McAlpine pulls out of contract

Hyundai has parted company with Sir Robert McAlpine, the main construction contractor for its new £1bn (£1.6bn) microchip plant in Dumfries, Scotland, following a disagreement over the price for the work. A joint statement from the companies said: "Despite extensive negotiations agreement has not been reached on certain matters and as a result the parties will not be proceeding any further with these negotiations."

Construction of the plant was expected to cost more than £200m. Both companies are understood to want to reach an amicable settlement of claims for work already done on the project. McAlpine has won a string of contracts from overseas electronics groups establishing operations in the UK, including the Siemens plant in north-east England and Motorola's plant in Scotland.

Andrew Taylor

COMMERCIAL VEHICLES

Market fails to revive

UK truck registrations: June 1997

	June 1997		June 1996
	Volume	% change	% share
Total	3,567	-11.93	100.00
Imports	2,107	-11.17	59.07
Paccar Group*	616	-21.33	17.27
Iveco Group** (Fiat)	875	-12.16	27.33
Mercedes-Benz (Daimler Benz)	556	-20.57	15.59
Volvo	325	-20.54	9.11
Scania (Investor)	341	-15.59	9.56
MAN	346	9.49	9.70
ERF	159	26.19	4.46
Renault	95	-13.64	2.72

* Names in brackets indicate ownership
** Includes Iveco, Ford and Scania divisions
Source: Society of Motor Manufacturers and Traders; industry estimates

Truckmakers and importers are growing increasingly concerned at the slowness of revival in the heavy commercial vehicle market, John Griffiths writes. Registrations of new trucks in the first half of the year were 18.3 per cent lower than in comparable months of 1996. Imports fell 19 per cent in the first half of the year.

Stronger sales of panel vans - those not based on cars, and typified by the Ford Transit - meant, however, that the commercial vehicle market as a whole was 2.8 per cent higher in June than in June 1996. Sales were at 19,816 compared with 19,282; while total registrations for the first six months were 1.2 per cent higher at 132,409 compared with a 130,907 year ago. Sharp increases in the van sales of Peugeot/Citroën, Volkswagen and Mercedes - all with new model ranges - meant the share of the total market taken by imports rose to 52.6 per cent in June from 47.3 per cent a year ago.

Airline refuses to drop threat to strikers

By Robert Taylor, Employment Editor

British Airways said last night it would go ahead with its threat to suspend cabin crew who had gone on strike over the past three days if they refused to give the airline an assurance that they will work normally in future. This action is threatening to jeopardise hopes of peace talks this weekend.

Staff reporting for duty today after the three-day strike will be asked to give a guarantee that they will not participate in further disruption, a BA official confirmed.

"We have no choice," the company said. "We have to ask crew whether they will work normally to enable us to roster schedules."

"This would be a tragic setback", said Mr Bill Morris, the general secretary of the Transport and General Workers' Union, which represents the strikers. "I do hope BA offer an olive branch and put away the iron bar."

Although BA claims that 1,900 of the cabin crew have reported sick during the three days of the strike, it

said last night that 313 cabin crew were known to have taken strike action.

Earlier in the day Mr Morris welcomed a call from Mr Bob Ayling, BA's chief executive, for talks to settle the cabin crew dispute and to prevent disruption by ground staff. But he said he had assumed that BA would not carry out its threat to suspend cabin crew who had gone on strike over the past three days.

Mr George Ryde, the union's national civil aviation officer, warned there would be "no talks with BA

if anyone who has been on strike is suspended on Saturday". The union plans to call further cabin crew strikes if talks fail.

Mr Ayling said he had written to Mr Morris suggesting immediate talks which could lead to negotiations for settling the cabin crew dispute and the threat of strike action by BA ground staff in support of the airline's catering workers. "Those workers oppose the planned sell-off of BA catering operations to another company."

BA said 127 out of its nor-

mal 223 daily flights had to be cancelled at London's Heathrow airport as a result of the cabin crew dispute yesterday, while 110 of the normal 122 flights left as usual from Gatwick airport.

Mail will not be delivered in parts of London today following a 24-hour strike by more than 3,000 workers in a dispute about hours and overtime. The Royal Mail division of the Post Office condemned the stoppage as "disgraceful". The worst disruption is expected in postal districts EC1, EC2, EC3, EC4, WC1 and WC2.

BA said 127 out of its nor-

Union to decide soon on catering row

By Michael Skapinker, Aerospace Correspondent

When British Airways catering staff worked to rule in May, the airline had to tell passengers to eat at the airport before boarding their flights. That inconvenience will seem insignificant if catering workers, supported by other ground staff, decide next week to declare a series of 24-hour strikes.

The Transport and General Workers' Union will decide on Monday whether

to go ahead with stoppages in protest at BA's decision to sell its catering business at London's Heathrow airport.

BA managers are dismayed at the catering workers' decision to fight the sell-off. They say they have met all the catering employees' concerns. Staff have been told there will be no redundancies or pay cuts for three years under a new employer.

The second reason BA is disappointed is that it believes its catering business

has no long-term future and that staff would be better off working for a group which specialises in providing in-flight food.

BA loads food on to its flights at 150 airports worldwide. All this food is provided by contractors except at Heathrow. BA says that its Heathrow catering business accounts for only 1 per cent of the worldwide market for in-flight food, which is worth \$11bn a year.

A large catering group, the airline says, would be able to

invest and secure the jobs of the 1,900 BA catering workers. "Large catering organisations can concentrate capital spending solely on catering equipment and premises," BA said in a message to staff.

The in-flight catering industry, faced with passengers who demand better food but do not want to pay higher fares, is consolidating rapidly. In 1992, 10 companies controlled 56 per cent of in-flight catering worldwide. By last year, three compa-

nies controlled 50 per cent.

Two of the top in-flight caterers are owned by airlines. LSG Skycheff is owned by Lufthansa of Germany. Gata Gourmet is owned by the parent company of Swissair. BA says, however, that these catering operations are far larger than its own.

BA tried to win in-flight catering contracts from other carriers but found that its Heathrow operation was too small to secure large discounts from suppliers.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday July 12 1997

A ride on the rollercoaster

Yesterday's devaluation of the Philippines peso, hard on the heels of the Thai baht, comes at a thought-provoking juncture. Emerging markets are much in vogue at present. Russian equities have more than doubled since the start of the year. Chinese "red chips" are up 80 per cent. Brazilian equities 70 per cent. Some Slovenian bonds, as these columns pointed out earlier this week, are yielding less than half a percentage point over equivalent US Treasuries.

Before concluding that investors have taken leave of their senses, it is worth stepping back to consider some fundamentals. Through the 1990s, emerging markets have been driven by three principal forces. First, the death of communism has hastened the development of privatisation and free markets. There are now more things to buy.

Second, there is more cash to buy things with. The apparent death of inflation has led to easy monetary policies in the world's chief economies; and with Wall Street at unenviable heights, the flood of cash is lapping on remoter shores. Third, the globalisation of world markets prompts portfolio investors, like corporations, to seek to capture growth in developing economies.

The first and third of these changes are real and permanent, the second perhaps less so. There is a clear warning here. Emerging equity markets, like Wall Street itself, are being partly driven by liquidity rather than investment fundamentals. Meanwhile, the low interest rates causing that liquidity are feeding an appetite for high yields: hence the risks being taken by investors in exotic bonds.

Spectacular movements
But if emerging equity markets are being driven by liquidity, they have not been driven as far as all that. The IFCI composite index, which tracks emerging markets in total, rose 15 per cent in the first half of this year. Wall Street rose 18 per cent. Over the past three years the Dow has doubled, while the IFCI index has not risen at all.

This is because the spectacular rises in some markets have been offset by equally spectacular falls. Latin American markets have risen almost 40 per cent this year on average, but Asian markets have fallen 5 per cent.

In Latin America, there is clearly the risk of a stampede.

As the London broker James Capel points out, the worst performer in the region this year is Argentina, which has nevertheless risen by a quarter. Elsewhere, there are reassuring signs that investors are exercising discipline. China may have shot up, but the much larger Thai market has fallen by a third. Hungary is up almost half, but the neighbouring Czech Republic - another devaluer - is down a fifth.

Emerging bond markets are perhaps another matter. Here, the signs are that investors' appetite for risk is getting out of hand. Yield spreads have been compressed further than seems reasonable. There are more junk bonds coming from the corporate sector, with international investors buying issues from second-line corporations rather than blue chips. There is growing demand for bonds issued in the local currency rather than in dollars, which given the recent state of devaluations is positively unnerving.

Underlying trends

Conversely, of course, investors are becoming more sophisticated. This is a useful corrective to the view that the recent behaviour of emerging markets is no more than a bubble. There are powerful underlying trends at work; and whether or not those markets outperform in the near future, they will still take a growing share of institutional investors' attention and cash flows.

There is a further fundamental point to be made. Most developing economies - even those of Africa in recent years - have unusually high growth rates. It is an investment truism that stocks with abnormal growth rates are also abnormally volatile. Think of the US semiconductor maker Intel, whose stock price rockets and plunges every quarter. But if Intel has been a wild ride for its shareholders, it has also been an uncommonly good investment over the years.

The inference for emerging markets is that investors who feel they understand the risks should go in with their eyes open. One caveat, though. Some may feel that in diversifying into emerging markets, they are hedging in the near term against a Wall Street collapse. The reverse is true. At present, the same liquidity is driving both. When Wall Street cracks, Brazil, Russia and the rest are due another downward swoop on the switchback.

Communications gap

MCI appears to have failed to inform BT, its proposed merger partner, of the extent of its problems, says Alan Cane

Sir Peter Bonfield shakes his head wearily as yet another briefing drew to a close. "And I thought the computer industry gave me grey hairs," he says ruefully.

Sir Peter, former head of International Computers and now chief executive of British Telecommunications, spent yesterday trying to reassure investors and analysts that BT's \$20bn merger with MCI of the US is not about to fall apart.

The deal, through which BT plans to link with MCI, the second largest North American long-distance carrier to form Concert, would be the biggest transatlantic merger to date. Until the middle of this week, the greatest threat to its consummation seemed to be the possibility that the Federal Communications Commission, the US regulatory authority, might find reasons to block it or force tough conditions on the potential partners.

But on Wednesday, the MCI board - including a shocked Sir Peter - heard that the US company had miscalculated the difficulties of breaking into the US local telephone markets. Taking a significant share of this market, worth \$100bn a year, is a primary objective of the merger.

The solution, MCI executives told the board, was to redouble its efforts in these markets at an extra cost of \$400m in the current year and a further \$400m next year. It plans to spend the cash on a combination of capital equipment, marketing and acquiring customers.

The consequence for MCI will be trading losses of \$800m in its local market business in the present year compared with a budgeted loss of only \$400m. It was, Sir Peter says with a trace of a smile, "a typical MCI type of reaction", indicating MCI's reputation for its aggressive approach to problems.

It is not the first time that Sir Peter has taken a good-humoured swipe at MCI's swash-buckling management style. For one of the most respected management teams in the US, the revelation was nothing short of disastrous. The company that made a name for itself by breaking into the long-distance business controlled by AT&T has foundered in its attempted onslaught on the far bigger local calling market.

To make matters worse, the scale of the problems appears to have come as a surprise not only to British Telecommunications, its prospective merger partner, but also to MCI itself. The question now facing MCI is whether it can push ahead with its plans largely intact - the route it mapped out to Wall Street on Thursday - or whether it must go back to the drawing board.

BT and MCI: why they should talk

BT Sales (£bn)

Pre-tax profits (£bn)

MCI Sales (\$bn)

Net income (\$bn)

Share prices

Relative to their markets

Relative to the FTSE 100 Share Index

Relative to the S&P 500

Relative to the NYSE

Relative to the NASDAQ

Relative to the AMEX

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is gap
its proposed merger
says Alan Cane



It's the phone call we all fear, says a Labour minister. "It's when Tony says: 'I'd like you to become Northern Ireland secretary'."

Two months into the job, Ms Mo Mowlam may believe the chance is more poisoned than ever before. The lows have already been desperately low. Her decision to allow a Protestant march through a Roman Catholic estate in Portadown a week ago set off some of the worst civil unrest for many years.

Yet, no sooner had politicians and commentators written both her and the peace process off, than Ms Mowlam confounded the odds. On Thursday she persuaded the Protestant Orange Order to call off or re-route a series of parades due to take place today. These had been in danger of flaring into violence that might have led to deaths.

In the fevered world of Ulster politics, talk of civil war was replaced by speculation about a new IRA ceasefire and the possibility of peace. The view that Ms Mowlam had committed a serious blunder turned to praise in some quarters for her tenacity. Yet no sooner had nationalists denounced her over Portadown, than hardline unionists accused her of destroying their long cherished right to march.

An accurate assessment, as a former Conservative

Woman in the News • Mo Mowlam

A new broom in Ulster

John Kampfner on the Northern Ireland secretary's unique style

Northern Ireland minister points out, lies somewhere between. "There's much less drama in the job than people think," says Mr Michael Ancram. "Most of it is grindingly slow."

The crises have been salutary for the Labour government. For the first time, its slick presentational skills and Mr Tony Blair's promises to "make a difference" have run into the buffers.

It has not been for want of trying. While maintaining the broad parameters of the former government's policy, Ms Mowlam has brought a new style and vigour to the job. She is informal and often tactful, putting her arms around the leader of the residents' association in Portadown's Garvaghy Road. Where Sir Patrick Mayhew, her patrician predecessor, acted as a benign governor-general, she has shown herself more ready to address grassroots concerns, haranguing and cajoling as she argues her case.

"Mo's style is 'in your face'," says a close friend. "She has toned down some of the gum-chewing and

shoes off approach of the past. But she is still unlike virtually anyone at Westminster, let alone in Ulster."

The problem, as Ms Mowlam concedes, is that her role is limited. She told the Commons this week she would introduce a bill in the autumn on new procedures for marches. This would include an independent commission to determine whether a parade should go ahead, its decision to be determined not just on the grounds of public order.

Such a commission could help defuse trouble next year. But, this will not be enough. "We can accommodate, negotiate and change legislation, but we cannot force the people to live together unless they themselves decide to do so," she said. "I readily admit that I - with many other people who tried - failed to find accommodation."

Such uncharacteristic candour for a minister reinforces the affection much of the public and many MPs from all sides hold for Ms Mowlam. Mr Blair has in private and public staunchly

backed her during her travails of the past week.

Yet mistakes have been made. Her promise to inform the Garvaghy Road residents in advance of the decision on whether to let the march pass was broken. Last year when Sir Patrick got into similar trouble over Portadown, Ms Mowlam vowed to remove the final decision on parades from the embattled police.

She ended up by doing exactly the same. Her task was not helped when her chief of police, Mr Ronnie Flanagan, admitted that the threat of greater violence by unionists had swayed the decision to permit the march.

"Might is right" is an adage all too often applied to Ulster. So angry were some in the Northern Ireland's civil service at the government's acquiescence to the threat of violence that they leaked a memorandum suggesting Ms Mowlam and others had decided to allow the Portadown march through two weeks before it took place. She denies that interpretation, and has

made clear she feels betrayed by officials.

Ms Mowlam knew she was going to get flak for the decision. Yet the government is convinced that the alternative could have seen the police and army overrun and the province descend into chaos. "When mistakes are made you are blamed," says one of her colleagues. "When something good happens, people say it happened in spite of your actions."

If she, and the province, get through today - the annual celebrations by unionism of the Battle of the Boyne in 1690 when William of Orange defeated King James II - the coast could be comparatively clear. The last significant date in the marching calendar is the Apprentice Boys' Parade in August. If more compromise is shown by both sides, that flashpoint could also be defused. Yet the threat of a full-scale IRA offensive, as ever, remains.

Ms Mowlam is withstanding the torment remarkably well, especially for someone who underwent treatment for a benign tumour at the

start of the year. Her schedule is perhaps the most tiring of any cabinet member, including flights between London and Belfast almost daily, and suffocating security. Yet she remains disarmingly cheerful.

So what are her chances of really making a difference? Her seat has been occupied by many a well-intentioned predecessor who left disappointed.

Long-term success will depend, as with the last government, on political progress, on persuading the Ulster Unionists and the moderate nationalist SDLP to reach an accommodation at the tortuous multiparty talks, and on securing an IRA ceasefire that would allow Sinn Féin to join.

The government says the parties have promised to agree by the end of this month a timetable for when the negotiations resume in earnest in September. This revolves around precise details of how the vexed issue of paramilitary arms decommissioning will be dealt with.

Ms Mowlam and Mr Blair have warned they want the whole process settled by next June, with or without Sinn Féin. Nobody dares predict the chances of success.

It will be a long haul for Ms Mowlam - with more brinkmanship, bombs and confrontation on the way.



If anyone should be bubbling with optimism in France, it ought to be the left, which to its own surprise and that of most pundits won power last month.

But Mr Lionel Jospin, the Socialist prime minister, is already facing complaints from his backbenchers and his Communist coalition partners that he has reneged on electoral promises: specifically over the relatively marginal issue of Renault job closures in Belgium.

"Jospin is not Merlin the Magician," says a minister in his leader's defence. But Mr Jospin will need something up his sleeve if he is to keep his coalition sweet when he takes hard decisions over budget deficits, taxes, welfare reform and privatisation.

The brevity of the political honeymoon is indicative of a wider French disenchantment with the political system. Naturally, the defeated right is more downcast than the rest. The Gaullists are even beginning to admit there are serious flaws in their hallowed 1958 constitution that now leaves President Jacques Chirac stranded in the Elysée in an uneasy cohabitation with the left.

But the dominant refrain of the May campaign was "the fed-up factor" - *ras-le-bol* - with established politicians. This feeling has been variously exploited by the Greens, who are now in government, and by the far-right National Front, which won only one seat but

chalked up as many votes as the RPR Gaullists. It is joked that to adapt Eurodisney properly to France, all seven of Snow White's dwarfs should be named Grumpy (*Grincheux*). This grumpiness appears to have subsided into plain apathy, reflected in rising abstention in elections and in diminishing membership of most political parties and trade unions. Economically it is manifested in the reluctance of consumers to spend and of companies to invest.

The French have not fallen out of love with France as a culture and a civilisation. They are no less keen than the annual invasion of 50m tourists on the French way of living, both urban and rural. They are ready to pay high-rate taxes for high-quality services and higher prices to safeguard their

An exception in Europe

The rapid end to Jospin's political honeymoon is symptomatic of French unease and its determination to do things differently, says David Buchan

beloved corner stores and *boulangers* from the dread supermarkets. They take understandable pride in such technical achievements as the Minitel online information network, the Ariane space rockets and high-speed TGV trains. And no French politician fails to strike a chord when he calls for "a return to the values of the Republic" - the 1789 slogan of liberty, equality and fraternity.

The call for "a return" to such values is an admission of how far France has left them behind, evidenced by political corruption scandals at home and support for dictators in Africa. Mr Jospin's image as Mr Clean helped him win the election, during which he also pledged a new policy in Africa.

The French used to trumpet the *universalité* of their values as an example for other countries. But in recent years, far more has been heard of the defensive concept of the *exception française*, the idea that France is somehow exempt from those aspects of economic globalisation and European integration it does not like. France strove in talks on the General Agreement on Tariffs and Trade of the early 1990s to protect its farming and film industries. And it has fought European pressure to reform its public sector and services.

But many French realise they have also become a more dire exception in Europe. They have an unemployment problem second only to Spain's, and almost Italian levels of political instability. Last month's election means that France has seen a real shift of power between left and right six times during the past 16 years. The growing political inconstancy of the Fifth Republic is all the more galling to those who thought their 1958 constitution was tailor-made for stability.

There is thus much in today's France and in Europe that goes against the grain of what many French had been led to expect of



their country and continent. The presence of the xenophobic National Front and the absence of jobs for more than 3m people seem all the worse when set against the Republic's high-minded proclamations of tolerance and equal opportunity.

Pressure from Brussels for deregulation is all the more irritating for a nation that believed, with some reason, that it had shaped the European Union in its own image. All the more so when it saw its creation transformed into a free-market Frankenstein.

The French produce more per capita than their British or Italian counterparts. But

they draw little satisfaction from this since their benchmark has always been Germany. When German reunification expanded its real output beyond the ability of France to compete, Paris launched European economic and monetary union.

This it saw as a way of trying to level-up with Germany. Although most French still equate divided government with weak government, cohabitation can lead to movement and reform. This happened when the right was in government under the Socialist presidency of François Mitterrand: the Chirac government of 1986-88 launched privatisations which the Balladur government of 1993-95 con-

tinued, adding pension reform.

This could happen again under the Jospin government, which is theoretically well placed to win over the unions to reform of the welfare system. The great advantage a French prime minister has in a cohabitation is that, provided he keeps the confidence of his parliamentary majority, he cannot be replaced at the whim of the president.

More of a constraint on Mr Jospin may be the conflicting pressures within his coalition. Inside his own dominant Socialist party there are already tensions between Mr Dominique Strauss-Kahn, the finance minister who is prepared to cut his budget cloth to suit Maastricht, and Mrs Martine Aubry, the labour and social affairs supreme whose overriding interest is putting the jobless back to work - with public money if need be.

Nonetheless, the Jospin government is likely to go the full five-year term. President Chirac is most unlikely to call another snap election, not just because he so badly bungled this year's poll, but because one of its consequences has been to distance him from his own RPR Gaullist party. Mr Philippe Séguin, the new RPR leader, is nothing like as close or loyal to the president as Mr Alain Juppé was. Mr Chirac cannot play chief of the opposition as President Mitterrand could when he had to cohabit with the right.

This long period of cohabitation will highlight France's inherent constitutional dilemma. This pits the unique authority a French president has by virtue, since 1962, of being the one politician directly elected by all the people, against the right of the government, by virtue of the 1958 constitution, to "determine and carry out the policy of the nation".

A formal rebalancing will now be very difficult. President Charles de Gaulle could, and perhaps should, have done it in 1962 by getting the government's right to "determine" policy dropped once he obtained his rural workers at a rally in London's Hyde Park this week to protest against the new anti-hunting bill.

On the face of it, encouraging dogs to pursue foxes and stags to their death might seem a cruel and unseemly pursuit. A more dispassionate approach to this emotive subject suggests that it is in the animals' best interests. The brown bear that once roamed the forests of Britain is no longer to be found in its natural habitat, and its tragic loss can be traced to the decision to ban the ancient sport of bear-baiting.

Many of the arguments used today to support a ban on hunting have a familiar ring. Foxe sentiment in the campaign to end bear-baiting was aroused by so-called scientific reports, similar to the recent National Trust study on deer hunting, suggesting that allowing dogs to savage bears caused the animals deep distress. Well-meaning animal lovers also objected to the spectacle of dancing bears, whose innate sense of rhythm was enhanced by gentle tugs on a cord leading to a brass ring affixed to their snouts. Townsfolk, even then out of touch with the country ways, failed to realise that inserting a ring in bears' noses is a relatively painless operation, essential for the control of these notoriously temperamental beasts.

The animal rights lobby of the time won the day, and the economic consequences were as painful then as a ban on hunting would be today.

Bear keepers and their families, who had devoted their lives to their charges and whose deep attachment to them was an object lesson to all animal lovers, lost their livelihoods. Tavern trade suffered when patrons were deprived of the spectacle. Nose-rings ended up in the poor house. Employment in the leather industry fell, and the ancient craft of muzzle-making - fashioning the ornate leather devices that fitted over the bear's snout - was lost to the world.

But the ultimate casualty was the brown bear itself, once a symbol of medieval England. Within a decade it was all but extinct. Today only a handful remain, wretched creatures in zoos, restlessly pacing their cages, poignant testimony to the consequences of a well-intentioned ban. Let us learn from history. Don't ban hunting: bring back bear-baiting.

Michael Holman

Bring back bear baiting

Britain is rightly proud of its reputation as a nation of animal lovers. So it was not surprising that leading politicians and public figures joined thousands of angry gamekeepers, farriers, dog trainers and other rural workers at a rally in London's Hyde Park this week to protest against the new anti-hunting bill.

On the face of it, encouraging dogs to pursue foxes and stags to their death might seem a cruel and unseemly pursuit. A more dispassionate approach to this emotive subject suggests that it is in the animals' best interests. The brown bear that once roamed the forests of Britain is no longer to be found in its natural habitat, and its tragic loss can be traced to the decision to ban the ancient sport of bear-baiting.

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Michael Holman

The military could benefit from new types of low-power display screens, writes Damian Carrington

Charge of the light brigade

Consumers are often hard to please, but the ultimate tough customers must be soldiers.

The demands of the UK and US military have resulted in the imminent arrival of low-power, high-resolution display screens that are light enough to be carried on the battlefield and tough enough to survive it.

Rugged portability and razor-sharp resolution were once mutually exclusive options, but the UK Defence Research Evaluation Agency is combining these features in a plastic screen, while a Xerox subsidiary in California, dPIX, is doing the same with an ultra-high resolution screen for the Pentagon.

Liquid crystal displays are sandwiches in which a filling of liquid crystal separates two plates of glass.

The crystals line up along grooves on each plate and allow light to pass through. When a voltage is applied the crystal alignment changes and the shutter closes.

Replacing the glass with lighter, tougher and cheaper plastic has been a long-standing industry ambition. Previous attempts have only succeeded by reducing the performance of displays, but a fresh look at plastic panel LCDs by the UK agency has produced a new vision for the future.

The new plastic screens will be flexible and tough enough to be sewn into a soldier's battledress and yet still deliver high quality.

Traditionally the liquid

crystal molecules are aligned by rubbing a polymer on the glass plates to create a preferred direction," explains David Gleaves, the UK agency's business manager for displays. "We've challenged this notion by using a mask and UV radiation to etch small surface details on to the plates. With rubbing, there is only one alignment direction, but with micro-scale etching, we can create features in any number of directions."

The etching process is not only better cut out for plastic than glass but has also enabled the UK agency to create a "bi-stable" device. This means that, by controlling the shape of the surface, the liquid crystals are

able to flip between open and shut states and so can remain there when the voltage is removed.

Unlike normal LCDs, no voltage is required to maintain the picture and so the power consumption shrinks. "Producing bi-stability is a real advance for this type of LCD," says Helen Gleeson, senior lecturer in physics at the University of Manchester. "Fast or complex displays usually use thin film transistors, but because the etching has produced bi-stability, transistors are not needed and that is much cheaper."

LCDs are most weighed down by bulky batteries, so reducing power use helps slim down the power pack. However, the agency intends

to make the screen even leaner by using the available natural light to illuminate the display, making the usual power-hungry backlight unnecessary. Each pixel either absorbs the light hitting the screen or lets it pass through to be reflected off a shiny background.

The new dPIX screen also introduces reflective technology. Its 7m-pixel screen is claimed to be the densest display in the world. It delivers the electronic equivalent of a 300 dpi (dots per inch) laser-printed page, but until now has had to rely on a backlight.

For thousands of years people have used the sun for light, so reflective technology is essentially a great

leap backwards. But before now it just did not give the normal contrast," says Carl Cobb of dPIX.

The dPIX screen overcomes this by using the liquid crystals to reflect the light or let it pass through to a pitch-black background, the negative case from normal reflective displays. To improve the colour response dPIX has also dispersed liquid crystals in a thin sheet rather than capturing individual microscopic bubbles in a polymer.

The low-power but high-performance colour screen from dPIX appears set for a bright military future. "The army used to travel on its stomach, now it travels on its datastream," says Cobb. "Our technology will lead to

wrist-mounted or hand-held displays that will be much more readable outdoors. Satellites can tell you what is going on over the hill and this display puts that data into the leader's hands."

But ultimately, civilians could benefit too, because both the UK agency and dPIX have developed their patented displays as dual-use technologies. The plastic, bi-stable screens will bring a sharper look to mobile telephones, as well as wristwatches and handheld organisers.

The crystal-clear colour of the dPIX screen is destined for hand-held televisions and electronic books. And for these lean, mean screens even the sky may not be the limit. In time these screens are likely to replace the current movie screens in the weight-conscious world of aviation.

Germany to sell its oil reserves

MARKETS REPORT

By Michael Peel

The German cabinet yesterday approved a sell-off of the country's 54m barrel oil reserves.

The reserves will be sold off between now and the end of 1999. The first batch of 2.8m barrels will be offered to the market in two weeks time.

The government said it was selling the crude to help it meet the criteria to join the European single currency. It expects the sales to raise DM400m this year and DM500m in 1998.

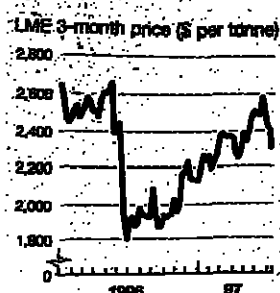
Brent crude for August delivery fell 26 cents on Wednesday after the government announced that it planned a reserve sale. The Brent price was unaffected by yesterday's announcement of details of the sale. August Brent finished on \$18.04, up seven cents.

The reserves, which have been stored in underground caverns since the 1970s, might be sold at a slight discount to Brent to factor in any possible deterioration over time in quality.

One analyst estimated a sale of all the reserves would earn the government between \$800m and \$900m. But he said the sales would be small compared with annual German imports of crude. "It's hardly an earthquake," he said. "It just diminishes demand slightly."

The COPPER price underwent a slight correction yesterday following large falls earlier in the week. It closed at \$2,428.5, up \$30.

Copper



Source: DataStream/FT

LME warehouse stocks	Tonnes	Change
Aluminium	653,550	+6,500
Aluminium alloy	57,640	+140
Copper	136,125	+2,500
Lead	116,880	+25
Nickel	53,112	+438
Zinc	419,600	+975
Tin	11,945	-30

*Thursday's close

Copper shed nearly 7 per cent of its value earlier this week because of worries about a possible supply surplus. "When you have a fall of the magnitude we have seen in the last few days it's no surprise you see a rally in the market," said Mr Angus MacMillan, metals analyst for Billiton Research.

Copper production is estimated to rise by about 6 per cent this year and by about 5 per cent in 1998 as new capacity comes on stream.

Some analysts had hoped the excess supply might be bought up by China, a large net importer of copper. But these hopes were scuppered by news this week of large shipments of the metal from China to the west.

"There's no telling where it [the price] will go in the short term," said Mr MacMillan.

WEEKLY PRICE CHANGES

	Latest price	Change	Year on week	High	Low
Gold per troy oz.	\$320.25	+2.25	\$318.45	\$320.85	\$319.40
Silver per troy oz.	\$250.00	+10.5	\$239.50	\$260.50	\$239.50
Aluminium 99.7% (cash)	\$1,541.5	+2.5	\$1,539.0	\$1,544.0	\$1,537.0
Copper Grade A (cash)	\$2,428.5	+30	\$2,398.5	\$2,458.5	\$2,368.5
Copper Grade B (cash)	\$2,373.5	+25	\$2,348.5	\$2,403.5	\$2,323.5
Lead (cash)	\$867.0	+0.5	\$866.5	\$867.5	\$866.0
Nickel (cash)	\$8,830	+10	\$8,820	\$8,840	\$8,810
Zinc SHG (cash)	\$1,481.5	+23.5	\$1,458.0	\$1,505.0	\$1,405.0
Tin (cash)	\$22,515	+30	\$22,485	\$22,545	\$22,445
Cocoa Futures Jul	\$1,178	+10	\$1,168	\$1,188	\$1,158
Coffee Futures Jul	\$1,178	+10	\$1,168	\$1,188	\$1,158
Sugar (LDP Raw)	\$268.20	+4.0	\$264.20	\$272.20	\$260.20
Barley Futures Sep	\$76.50	+2.50	\$74.00	\$79.00	\$71.00
Wheat Futures Jul	\$75.50	+2.50	\$73.00	\$78.00	\$70.00
Cotton Outlook A Index	\$60.90	+1.0	\$59.90	\$61.90	\$58.90
Wool (84 Super)	\$42.10	+3.0	\$39.10	\$45.10	\$36.10
Oil (Brent Blend)	\$18.04	+0.07	\$17.97	\$18.11	\$17.84

For more prices visit our website at www.ft.com or call 020 7556 5000.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1551.5-1551.5 1550.5-1550.5

Previous 1551.5-1551.5 1550.5-1550.5

High/Low 1551.5-1551.5 1550.5-1550.5

AM Official 1551.5-1551.5 1550.5-1550.5

Kerb close 1551.5-1551.5 1550.5-1550.5

Open int. 265,412

Total daily turnover 113,105

ALUMINIUM ALLOY (\$ per tonne)

Close 1395-400 1425-5

Previous 1395-400 1425-5

High/Low 1395-400 1425-5

AM Official 1395-400 1425-5

Kerb close 1395-400 1425-5

Open int. 5,154

Total daily turnover 1,328

LEAD (\$ per tonne)

Close 658-5 658-5

Previous 658-5 658-5

High/Low 658-5 658-5

AM Official 658-5 658-5

Kerb close 658-5 658-5

Open int. 8,500

Total daily turnover 8,500

NICKEL (\$ per tonne)

Close 8225-35 8240-45

Previous 8225-35 8240-45

High/Low 8225-35 8240-45

AM Official 8225-35 8240-45

Kerb close 8225-35 8240-45

Open int. 52,222

Total daily turnover 13,359

TIN (\$ per tonne)

Close 5510-20 5520-70

Previous 5510-20 5520-70

High/Low 5510-20 5520-70

AM Official 5510-20 5520-70

Kerb close 5510-20 5520-70

Open int. 13,407

Total daily turnover 3,595

ZINC, special high grade (\$ per tonne)

Close 1481-2 1487-8

Previous 1481-2 1487-8

High/Low 1481-2 1487-8

AM Official 1481-2 1487-8

Kerb close 1481-2 1487-8

Open int. 38,510

Total daily turnover 37,407

COPPER, grade A (\$ per tonne)

Close 2427-30 2432-4

Previous 2427-30 2432-4

High/Low 2427-30 2432-4

AM Official 2427-30 2432-4

Kerb close 2427-30 2432-4

Open int. 158,127

Total daily turnover 38,912

LME AM Official 9:30 a.m. 1997

LME Closing 9:30 a.m. 1997

Spot 1.893 3 mths 1.891 6 mths 1.891 9 mths 1.875

HIGH GRADE COPPER (COMEX)

Sett. Day's price change High Low Vol

Jul 108.05 +1.15 108.20 107.75 335 5,592

Aug 108.00 -0.05 108.00 107.95 251 2,721

Sep 108.00 -0.05 108.00 107.95 251 2,721

Oct 108.00 -0.05 108.00 107.95 251 2,721

Nov 108.00 -0.05 108.00 107.95 251 2,721

Dec 108.00 -0.05 108.00 107.95 251 2,721

Total 108.05 +1.15 108.20 107.75 335 5,592

Open int. 38,510

Total daily turnover 37,407

PRECIOUS METALS

LONDON GOLD MARKET

(Prices supplied by N.M. Rothschild)

Gold (Troy oz) \$ price 5 figure SP equiv

Close 320.00-320.50

Previous 320.00-320.50

High/Low 320.00-320.50

AM Official 320.00-320.50

Kerb close 320.00-320.50

Open int. 320.00-320.50

Total daily turnover 320.00-320.50

LOAN LENDING MARKET (No US\$)

1 month -3.40 8 months -3.47

2 months -3.41 12 months -3.58

3 months -3.41

SILVER FIC

Sett. Day's price change High Low Vol

Jul 287.10 435.90

Aug 287.10 435.90

Sep 287.10 435.90

Oct 287.10 435.90

Nov 287.10 435.90

Dec 287.10 435.90

Total 287.10 435.90

Open int. 287.10 435.90

Total daily turnover 287.10 435.90

US INTEREST RATES

Treasury Bills and Bond Yields

Rate 10% 12% 15% 18% 20%

100 100 100 100 100

100 100 100 100 100

100 100 100 100 100

100 100 100 100 100

100 100 100 100 100

100 100 100 100 100

100 100 100 100 100

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100 100 100 100 100

Precious Metals continued

GOLD COMEX (100 troy oz; \$ per oz)

Sett. Day's price change High Low Vol

Jul 322.15 +1.15 322.30 321.75 335 5,592

Aug 322.15 +1.15 322.30 321.75 335 5,592

Sep 322.15 +1.15 322.30 321.75 335 5,592

Oct 322.15 +1.15 322.30 321.75 335 5,592

Nov 322.15 +1.15 322.30 321.75 335 5,592

Dec 322.15 +1.15 322.30 321.75 335 5,592

Total 322.15 +1.15 322.30 321.75 335 5,592

Open int. 322.15 322.30

Total daily turnover 322.15 322.30

PLATINUM NYMEX (50 troy oz; \$ per oz)

Sett. Day's price change High Low Vol

Jul 412.7 +1.0 413.0 412.5 743

Aug 412.7 +1.0 413.0 412.5 743

Sep 412.7 +1.0 413.0 412.5 743

Oct 412.7 +1.0 413.0 412.5 743

Nov 412.7 +1.0 413.0 412.5 743

Dec 412.7 +1.0 413.0 412.5 743

Total 412.7 +1.0 413.0 412.5 743

Open int. 412.7 413.0

Total daily turnover 412.7 413.0

PALLADIUM NYMEX (100 troy oz; \$ per oz)

Sett. Day's price change High Low Vol

Jul 153.00 +4.0 153.00 153.00 4,365

Aug 153.00 +4.0 153.00 153.00 4,365

Sep 153.00 +4.0 153.00 153.00 4,365

Oct 153.00 +4.0 153.00 153.00 4,365

Nov 153.00 +4.0 153.00 153.00 4,365

Dec 153.00 +4.0 153.00 153.00 4,365

Total 153.00 +4.0 153.00 153.00 4,365

Open int. 153.00 153.00

Total daily turnover 153.00 153.00

SILVER COMEX (5,000 troy oz; \$ per troy oz)

Sett. Day's price change High Low Vol

Jul 432.7 -2.2 433.0 432.5 429

Aug 432.7 -2.2 433.0 432.5 429

Sep 432.7 -2.2 433.0 432.5 429

Oct 432.7 -2.2 433.0 432.5 429

Nov 432.7 -2.2 433.0 432.5 429

Dec 432.7 -2.2 433.0 432.5 429

Total 432.7 -2.2 433.0 432.5 429

Open int. 432.7 433.0

Total daily turnover 432.7 433.0

CURRENCIES AND MONEY

Pound at DM3

MARKETS REPORT

By Simon Kuper

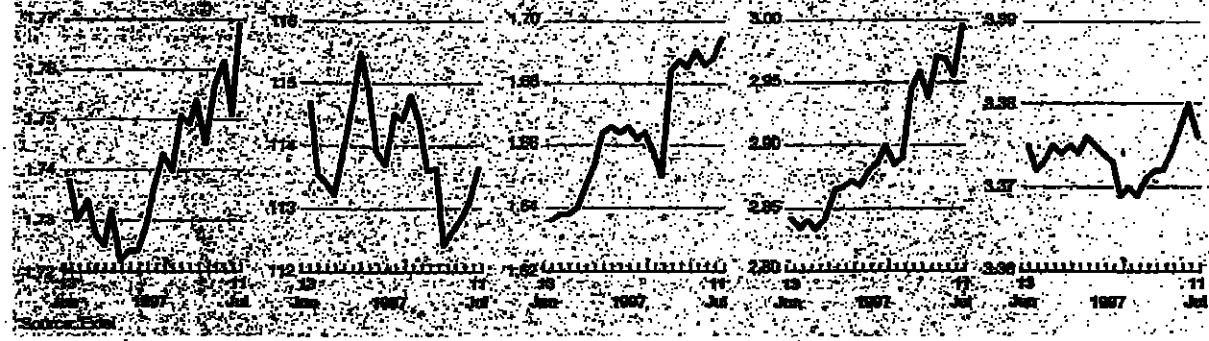
The pound hit DM3.00 to the D-Mark yesterday for the first time since October 1990, as the German currency tumbled across the board. The dollar also touched six-year highs against the D-Mark while the lira climbed L6.4 to L970.3 against the German currency.

Also yesterday, the Philippine central bank followed Thailand by allowing its currency to fall. The peso, under attack from speculators all week, plunged from 26.4 against the dollar to a four-year low of 29.45 before the Bankers Association of the Philippines suspended trading in the currency. Other emerging markets currencies, ranging from the Malaysian ringgit to the Polish zloty, remained under pressure from the fallout from the Thai devaluation 10

days ago.

The pound rose 42 pence as the market decided that the UK would have to raise base rates again soon, following Thursday's rate increase of 25 basis points to 6.75 per cent. Sterling had initially slipped on the increase, as some in the market had expected a sharper tightening. Late yesterday the pound was at DM2.9881. Forex strategists said the pound was meeting only modest resistance at the

DM3.00 level, with the next serious resistance at DM3.05. The presentation of the German supplementary budget for 1997 and budget for 1998 helped rekindle the market's hopes over Germany's chances of meeting the budget deficit criterion



for European monetary union. Most believe the German deficit for 1997 will be above 3.0 per cent of gross domestic product. That could make it hard for Germany to exclude countries such as Italy and Spain from the Eurozone.

Mr. Persaud said that speculators would also attack currencies outside Asia. "Investors are rooting out current account deficit countries, so that suggests that Poland, Slovakia, the Czech Republic and Peru will come under renewed pressure next week," Mr. Persaud said. The baht and the Malaysian ringgit also fell. The onshore baht, which stood at Bt24.5 to the dollar before the devaluation, yesterday lost another Bt0.85 to close at Bt23.65 against the dollar.

The Philippine peso's fall only raises the pressure on Asian currencies. The Indonesian central bank had to reduce the band in which the rupiah fluctuates against the dollar from 8 per cent to 12 per cent, to allow the currency to survive the new volatility.

The baht and the Malaysian ringgit also fell. The onshore baht, which stood at Bt24.5 to the dollar before the devaluation, yesterday lost another Bt0.85 to close at Bt23.65 against the dollar.

POUND SPOT FORWARD AGAINST THE POUND

Jul 11	Closing mid-point	Change on day	30 days	90 days	180 days	360 days	Bank of England
Europe	21.095	+0.003	21.115	21.095	21.041	21.041	3.1
Austria	(Sfr)	11.503	+0.003	11.503	11.503	11.503	3.5
Belgium	(Ffr)	11.503	+0.003	11.503	11.503	11.503	3.5
Denmark	(DKr)	11.503	+0.003	11.503	11.503	11.503	3.5
France	(Ffr)	11.503	+0.003	11.503	11.503	11.503	3.5
Germany	(DM)	2.988	+0.003	2.988	2.988	2.988	3.5
Greece	(Dr)	47.104	+0.003	47.104	47.104	47.104	3.5
Ireland	(Ir)	11.503	+0.003	11.503	11.503	11.503	3.5
Italy	(Lira)	209.71	+0.003	209.71	209.71	209.71	3.5
Luxembourg	(Ffr)	11.503	+0.003	11.503	11.503	11.503	3.5
Netherlands	(Gld)	11.503	+0.003	11.503	11.503	11.503	3.5
Portugal	(Esc)	200.48	+0.003	200.48	200.48	200.48	3.5
Spain	(Pes)	166.36	+0.003	166.36	166.36	166.36	3.5
Sweden	(Kron)	11.503	+0.003	11.503	11.503	11.503	3.5
Switzerland	(Sfr)	2.473	+0.003	2.473	2.473	2.473	3.5
UK	(Sterling)	1.000	+0.003	1.000	1.000	1.000	3.5
USA	(Dollar)	1.511	+0.003	1.511	1.511	1.511	3.5

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jul 11	Closing mid-point	Change on day	30 days	90 days	180 days	360 days	Bank of England
Europe	124.504	+0.003	124.504	124.504	124.504	124.504	3.1
Austria	(Sfr)	124.504	+0.003	124.504	124.504	124.504	3.5
Belgium	(Ffr)	124.504	+0.003	124.504	124.504	124.504	3.5
Denmark	(DKr)	124.504	+0.003	124.504	124.504	124.504	3.5
France	(Ffr)	124.504	+0.003	124.504	124.504	124.504	3.5
Germany	(DM)	124.504	+0.003	124.504	124.504	124.504	3.5
Greece	(Dr)	124.504	+0.003	124.504	124.504	124.504	3.5
Ireland	(Ir)	124.504	+0.003	124.504	124.504	124.504	3.5
Italy	(Lira)	124.504	+0.003	124.504	124.504	124.504	3.5
Luxembourg	(Ffr)	124.504	+0.003	124.504	124.504	124.504	3.5
Netherlands	(Gld)	124.504	+0.003	124.504	124.504	124.504	3.5
Portugal	(Esc)	124.504	+0.003	124.504	124.504	124.504	3.5
Spain	(Pes)	124.504	+0.003	124.504	124.504	124.504	3.5
Sweden	(Kron)	124.504	+0.003	124.504	124.504	124.504	3.5
Switzerland	(Sfr)	124.504	+0.003	124.504	124.504	124.504	3.5
UK	(Sterling)	124.504	+0.003	124.504	124.504	124.504	3.5
USA	(Dollar)	124.504	+0.003	124.504	124.504	124.504	3.5

CROSS RATES AND DERIVATIVES

Jul 11	Open	Close	Change	High	Low	Est. vol	Open Int.
Belgium	(Sfr)	11.503	+0.003	11.503	11.503	11.503	3.5
Denmark	(DKr)	11.503	+0.003	11.503	11.503	11.503	3.5
France	(Ffr)	11.503	+0.003	11.503	11.503	11.503	3.5
Germany	(DM)	2.988	+0.003	2.988	2.988	2.988	3.5
Greece	(Dr)	47.104	+0.003	47.104	47.104	47.104	3.5
Ireland	(Ir)	11.503	+0.003	11.503	11.503	11.503	3.5
Italy	(Lira)	209.71	+0.003	209.71	209.71	209.71	3.5
Luxembourg	(Ffr)	11.503	+0.003	11.503	11.503	11.503	3.5
Netherlands	(Gld)	11.503	+0.003	11.503	11.503	11.503	3.5
Portugal	(Esc)	200.48	+0.003	200.48	200.48	200.48	3.5
Spain	(Pes)	166.36	+0.003	166.36	166.36	166.36	3.5
Sweden	(Kron)	11.503	+0.003	11.503	11.503	11.503	3.5
Switzerland	(Sfr)	2.473	+0.003	2.473	2.473	2.473	3.5
UK	(Sterling)	1.000	+0.003	1.000	1.000	1.000	3.5
USA	(Dollar)	1.511	+0.003	1.511	1.511	1.511	3.5

JAPANESE YEN FUTURES (MM) Yen 12.5m per Yen 100

Kr	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
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UNIT TRUSTS

WINNERS AND LOSERS

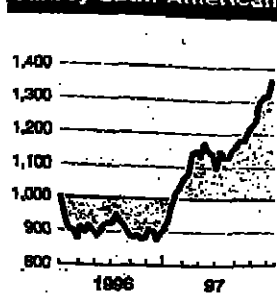
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,494
INVESTCO Hong Kong & China	1,426
Fleming Select Latin America	1,407
Old Mutual North American Inc	1,385
Abbey Latin American	1,363

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	422
Save & Prosper Gold & Exp	452
Mercury Gold & General	541
Waverley Australasian Gold	582
M&G Gold & General	595

Abbey Latin American



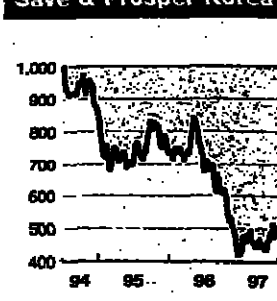
TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,531
Proific Technology	2,408
PM North America Growth	2,358
Franklin Templeton	2,281
HSBC Hong Kong Growth	2,124

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	488
Save & Prosper Korea	488
Fidelity Japan Smaller Cos	487
Five Arrows Japan Smaller Cos	488
Friends Prov Japanese Sm Cos	515

Save & Prosper Korea



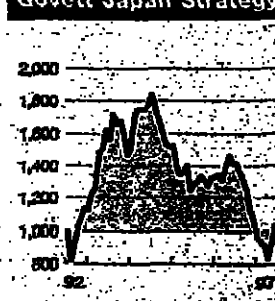
TOP FIVE OVER 5 YEARS

Proific Technology	4,278
Bartmore American Emer Gth	4,073
PM North America Growth	3,861
Hill Samuel US Smaller Cos	3,770
HSBC Hong Kong Growth	3,745

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	1,019
Barclays Uni Japan Inc	1,069
Friends Prov Japanese Sm Cos	1,088
Fidelity Japan Smaller Cos	1,108
M&G Japan & General Acc	1,133

Govett Japan Strategy



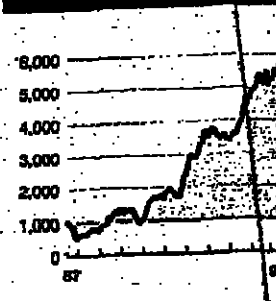
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,081
Hill Samuel US Smaller Cos	5,057
F&C US Small Companies	5,059
Barclays Hong Kong	5,442
Franklin Templeton	4,938

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	346
Barclays Uni Japan Inc	591
Save & Prosper Gold & Exp	617
Allied Dunbar, 2nd Smaller Cos	728
Laurence Keen Emer Spec Slt	741

F&C US Small Companies



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 51111)

Indices

Index	1994	1995	1996	1997	Volatility	Yield
Average Unit Trust	1054	1321	1973	2187	3.1	2.5
Average Investment Trust	1124	1344	2188	2455	4.5	5.1
Bank	1033	1112	1205	1832	0.0	4.3
Building Society	1030	1110	1211	1837	0.0	4.0
Stockmarket: FTSE All-Share	1288	1873	2212	2618	2.5	3.5
Inflation	1030	1088	1131	1547	0.4	-

UK Growth

Index	1994	1995	1996	1997	Volatility	Yield
Johnson Fry Slater Growth	1248	1950	2415	-	3.5	0.9
Jupiter UK Growth	1191	1836	2897	-	2.9	1.9
Perpetual UK Exempt	1192	1809	2837	-	2.5	2.6
Barclays Uni Special Sits	1157	1708	2515	1832	2.8	2.0
Samwa UK Growth	1017	1886	2146	-	2.7	1.8
SECTOR AVERAGE	1100	1470	1979	1907	2.7	1.8

UK Growth & Income

Index	1994	1995	1996	1997	Volatility	Yield
Fleming Select UK Income	1274	1753	2262	2250	2.7	3.7
Perpetual Income	1191	1706	2508	2543	2.4	2.8
HSBC Footsie Fund	1306	1863	-	-	2.6	2.6
Fidelity Moneybuilder Growth	1139	1849	-	-	2.3	2.2
Legal & General UK Stockmkt Acc	1251	1642	-	-	2.7	1.4
SECTOR AVERAGE	1141	1470	1923	2100	2.6	2.6

UK Smaller Companies

Index	1994	1995	1996	1997	Volatility	Yield
Laurence Keen Smaller Cos	1080	1886	-	-	2.9	1.2
Gartmore UK Smaller Companies	1087	1825	2403	1999	3.4	0.3
INVESTCO UK Smaller Companies	1035	1737	2513	1613	3.8	1.3
AES Smaller Companies	975	1719	2147	-	3.0	0.9
Britannia Smaller Cos Acc	1038	1681	2623	1890	3.1	0.4
SECTOR AVERAGE	958	1311	1930	1508	2.9	1.6

UK Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter Income	1131	1867	3365	-	2.6	4.0
Lazard UK Income	1138	1643	2222	2633	2.5	4.2
Royal Life High Income (Dis)	1200	1832	2170	2063	2.4	3.6
BWD UK Equity Income	1201	1818	2218	2354	2.7	3.4
Britannia High Yield Inc	1128	1607	2341	2761	2.4	3.9
SECTOR AVERAGE	1129	1426	1958	2106	2.5	4.4

UK Equity & Bond Income

Index	1994	1995	1996	1997	Volatility	Yield
Proific Extra Income	1082	1478	1918	1949	2.1	4.4
Abbey National Extra Income	1208	1454	2235	2489	2.2	5.1
Cler Med Retirement Income Inc	1146	1445	1950	-	2.7	5.6
Cazenove UK Equity & Bond	1112	1440	-	-	3.0	5.4
Edinburgh High Distribution	1106	1426	1820	1847	2.6	4.1
SECTOR AVERAGE	1103	1323	1783	1824	2.1	5.4

UK Eq & Bd

Index	1994	1995	1996	1997	Volatility	Yield
BWD Balanced Portfolio	1178	1672	2380	-	3.0	1.4
Perpetual High Income	1154	1811	2446	-	2.0	4.2
Credit Suisse High Income Port	1091	1532	2211	-	2.4	4.2
Canlife Income Dis	1158	1458	1912	1959	2.0	3.4
Sun Life Managed Inc & Gr Inc	1100	1449	1883	2236	2.6	2.7
SECTOR AVERAGE	1122	1434	1991	2020	2.3	3.0

UK Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
M&G Corporate Bond	1170	1368	-	-	1.8	6.8
Abnvest Fixed Interest	1091	1341	2070	2455	1.5	8.5
Thornion Preference Inc	1090	1331	1853	2249	1.8	8.3
Britannia Gilt & Fixed Int Inc	1080	1310	1383	-	1.8	7.8
Proific Pref & Fixed Interest	1110	1301	1566	-	1.7	6.6
SECTOR AVERAGE	1078	1251	1467	1953	1.7	6.7

UK Gilt

Index	1994	1995	1996	1997	Volatility	Yield
M&G Gilt & Fixed Interest	1151	1355	1440	1957	1.9	6.2
Gartmore PS Fixed Interest	1125	1303	1447	-	1.7	7.0
Murray Acumen Reserves	1097	1283	1494	-	1.4	5.8
Mercury Long-Dated Bond	1129	1271	-	-	2.1	5.7
Schroder Gilt & Fixed Int Acc	1072	1263	1386	-	1.8	7.2
SECTOR AVERAGE	1099	1211	1364	1945	1.5	5.9

International Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
GT International Income Inc	1128	1446	2169	2620	2.3	2.1
Martin Currie Int'l Income	1144	1416	2050	-	2.5	3.3
Scotkin Int'l Gth & Income	1080	1404	1858	1437	2.8	1.3
Mayflower Global Income	1099	1381	2015	2103	2.3	4.1
M&G International Income	1087	1318	2035	2469	2.3	4.1
SECTOR AVERAGE	1102	1336	1971	2062	2.4	2.9

International Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
Baring Global Bond	1018	1245	1614	-	1.5	6.2
Barclays Uni European Bond Inc	1058	1222	-	-	1.0	5.7
Old Mutual Worldwide Bond Inc	968	1218	1466	-	1.7	5.0
Newton International Bond	1021	1181	1506	-	2.1	5.7
AES Int'l Bond & Convertible	1025	1168	1442	-	1.3	6.4
SECTOR AVERAGE	947	1079	1332	1649	1.8	5.2

International Equity & Bond

Index	1994	1995	1996	1997	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4
Fleming General Opportunities	1199	1444	1833	-	2.3	3.2
Baillie Gifford Managed	1115	1423	1890	2375	2.3	2.5
Capel-Cure Hallmark Growth	1187	1416	1811	2072	2.3	1.8
Cazenove Portfolio	1056	1408	1963	-	1.9	2.1
SECTOR AVERAGE	1075	1305	1749	2110	2.1	2.4

International

Index	1994	1995	1996	1997	Volatility	Yield
Proific Technology	882	2408	4276	4508	6.5	-
Franklin Templeton	909	2261	2780	4938	6.3	-
Save & Prosper Financial Secs	1341	1882	2204	3133	3.0	1.3
Save & Prosper Growth	1295	1801	2994	2984	2.7	1.8
Franklin Templeton	1284	1736	3087	3951	2.7	0.8
SECTOR AVERAGE	1077	1318	2076	2228	3.2	1.0

Nth America

Index	1994	1995	1996	1997	Volatility	Yield
Hill Samuel US Smaller Cos	1029	2531	3770	6057	6.2	-
PM North America Growth	1215	2358	3881	4546	4.3	0.1
Edinburgh North American	1192	2050	3420	4482	5.4	0.8
Gartmore American Emer Gth	972	2005	4073	4897	6.0	-
Fidelity American Spec Sits	1097	1884	2821	3491	4.7	-
SECTOR AVERAGE	1127	1882	2819	3029	3.9	0.5

Europe

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1120	2046	3256	4928	3.1	0.2
Friends Prov European Gth	1227	1836	2795	-	2.6	-
Allied Dunbar European Growth	1186	1911	2989	2996	3.7	0.1
Baring Europe Select	1101	1897	2989	2998	3.5	0.8
Gartmore European Sel Opps	1232	1890	3085	3512	2.7	-
SECTOR AVERAGE	1150	1843	2909	2813	3.0	0.7

Japan

Index	1994	1995	1996	1997	Volatility	Yield
GT Japan Growth	931	925	1712	1510	3.5	-
Martin Currie Japan	925	915	2054	-	5.4	-
Scotkin Int'l Gth & Income	823	882	1746	1148	5.3	-
Murray Japan Growth	809	876	-	-	4.5	-
Newton Japan	945	868	1736	1305	4.9	-
SECTOR AVERAGE	803	704	1447	1251	5.2	0.2

Far East inc Japan

Index	1994	1995	1996	1997	Volatility	Yield
Govett Greater China	1309	1385	2811	3347	4.8	-
Abnvest Pacific	917	1115	2185	2932	3.9	0.3
Schroder Far East Growth Inc	905	1088	2385	-	4.3	-
Martin Currie Far East	1006	1048	2009	2257	4.8	0.2
Thornion Oriental Income Inc	896	1038	1674	2008	3.4	3.5
SECTOR AVERAGE	908	955	1883	2048	4.2	0.6

Far East exc Japan

Index	1994	1995	1996	1997	Volatility	Yield
HSBC Hong Kong Growth	1484	2124	3745	6081	6.4	0.2
INVESTCO Hong Kong & China	1426	1882	2833	3779	6.3	0.3
Old Mutual Hong Kong	1236	1594	2893	4404	6.6	0.6
GT Orient Acc	1056	1545	3002	-	5.5	0.1
Gartmore Hong Kong	1247	1524	2657	5442	6.1	0.7
SECTOR AVERAGE	937	1105	2180	3167	5.2	0.7

Best Paps

Index	1994	1995	1996	1997	Volatility	Yield
Capital Europe	1120	2046	3256	-	3.1	0.2
Save & Prosper Financial Secs	1341	1882	2204	3133	3.0	1.3
Johnson Fry Slater Growth	1248	1950	2415	-	3.5	0.9
Friends Prov European Gth	1227	1836	2795	-	2.6	-
Friends Prov European Gth	1186	1911	2989	2996	3.7	0.1
SECTOR AVERAGE	1087	1424	2006	-	2.6	0.6

Property

-	Abnvest Property Share	1184	1201	2329	-	3.0
1	Barclays Uni Property	1052	1136	1321	-	0.9
-	Norwich Property	1070	1090	1477	-	1.1
-	SECTOR AVERAGE	1088	1142	1709	-	1.7
5						

Estimate	Selling Price	Display Price	• or •	1
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[illegible]

Murray Johnstone BT Mgmt (1000)F
West Hill St. Glasgow G1 2PL CS45 000 8

Current	1	119.50	122.40	+0.40	2.5
Current Inc.	1	107.50	110.20	+0.40	2.5

As of 8:29 pm 11 July 1997		Other classes of shares available	
<p> Notice to investors: <i>NYNEX</i> has received that <i>Network</i> has published an announcement on behalf of that particular <i>OFX</i> company solely for the purpose of providing information to investors. <i>Network</i> is not responsible for the accuracy or completeness of the information published. <i>Network</i> is not responsible for the accuracy or completeness of the information published. <i>Network</i> is not responsible for the accuracy or completeness of the information published. </p>			
<p> Initial charges: Charges made by a unit trust manager. Used to delivery marketing and administrative costs, excluding commission paid to intermediaries. This charge is included in the buying price of units. </p>			
<p> Historic pricing: The letter it denotes that the managers will normally deal on the price shown on the most recent valuation. The prices shown are the latest available before publication and may not be the current prices. </p>			
<p> Buying prices: Also called offer prices. The price at which units are bought by investors. </p>			
<p> Selling prices: Also called bid price. The price at which units are sold by investors. </p>			

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Harbortrust Financial Services(Pty) Ltd
171 Main Road, Durban 4001 031 261 1461

● **NOTES**
Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.
Net: Rate of interest payable after allowing for deduction of basic rate income tax.
Gross CAGR: Gross rate arrived at to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate', i.e. On Frequency at which interest is credited to the account.

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504.788	+0.00
YH0114.08	-
628.768	+0.00
0067.05	-0.02

IRELAND ASIB RECOGNISED

Domestic Equ. Portfolio A F S	115.00
Domestic Equ. Portfolio B F S	118.00
Accum. Growth Portfolio A F S	121.00
Accum. Growth Portfolio B F S	123.22
Income Portfolio A F S	107.24
Income Portfolio B F S	108.34

Edinburgh Global Emerging A ..	110.6
Edinburgh Global Emerging B ..	112.0
Federated International Funds Plc (FIF)	

East Small Cos A	154.80	39.00
East Small Cos B	395.22	
East Small Cos C	238.47	
German Growth A	51.87	1.76
German Growth A	52.83	2.88
German Growth A	104.35	5.24

Tokyo Aca H.	096228.28	
Tokyo Fench Inc. H.	783.51	-0.
Tokyo Fench Aca H.	783.51	-0.
Total World Cdn Inc. W.	196115.71	
Total World Cdn Inc. W.	096143.05	

Unit Price	Selling Price	Unit Price
------------	---------------	------------

- Equity America	\$12.13	1
- Equity Europe	\$11.42	1
- Equity Japan	\$8.85	1
- Equity Bond	\$10.50	1
- Bond Plus	\$10.10	1

Pain

Dalmeida Europe Fund	Mgrs Informed
Dalmeida Alternatives Inv Fd.	\$1025.72
Dalmeida Global M&P	
DAIS Portfolio	\$90.01

ST	Emergency Mktg Bond.	\$78.68	70.80
ST	Emergency Mktg Bond.	\$77.02	71.00
ST	Auto Way & Distribution A	\$22.82	24.15
ST	Auto Way & Distribution A	\$73.02	74.25
ST	Auto Way & Distribution B	\$22.35	

Total Cost	Selling Price
100	100
90	80
80	60
70	40
60	20
50	0

- Victory Inn, Prospect Hill, Duxbury
- Total Income Fd 3-4 26.12
- Qualifier Int'l Mktg (Joint) Ltd
- Po Box 82, 19-21 Chandler Rd, Dover

- South Africa	\$1.44
- Denmark Money Mkt. Pkts.	Dm11.8
- European Equity Pkts.	Dm1.25
- European Balance Pkts.	Dm1.4

European Equity	51	\$27.88
Far East Equity	51	\$24.32
Global High Income	51	\$3.43
International Equity	51	\$10.79
Johnson Steel Co.	13	\$3.99
Johnson Steel Co.	13	\$3.99

Current (25 F. _____)	\$1,948	1.0
Balance (2500 F. _____)	\$1,025	1.0

Age Group	Percentage of Respondents
18-29	65%
30-49	75%
50-69	80%
70+	85%

0.21 0.78[illegible]

CT Ltd

—

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1987). The concentration of chlorophylls was expressed as $\mu\text{g mL}^{-1}$ of the sample.

World Paint Industry

Pat Looker

Fax: +44 161 832 9248

representative

FT Surveys

IRELAND

صلى الله عليه وسلم

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FT MANAGED FUNDS SERVICE[illegible]

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Outstanding Membership Applications

The Berkeley Playhouse Club

Berkeley Playhouse founder members with outstanding membership applications are requested to submit their applications without delay for inclusion in the First Issue Membership.

Following the September opening, second and subsequent issue will be at the Club's discretion and at revised rates.

Applications should be forwarded to: Alice Urquhart
The Membership Secretary, The Berkeley Playhouse Club,
15 Berkeley Street, London W1X 5AF

OTHER FINDS

For A&M Capital Funds Plc see Ireland Registered

ATSP Management Ltd

Holdings Long Term Equity
 10/1/84 31 _____ 543.87
 515.82 2800-1000000

ATA Values	FF210.120
ATA Future Actions Cap	FF414.700

ATA Europe Airlines Corp.	FF-1494.50
ATA Europe Airlines Intl.	FF-029.000
ATA World Wings Company Ltd.	FF-158.190
ATA World Wings Company Ltd.	FF-029.000

JOA NPI Cap	FF-170.640
JOA NPI Day	FF-187.980

Ability Fund Limited
Fund Income (USD Class. \$1/EUR) 1007.40

USA Equity USD Class ... 51054.20 NPV.340

Abstract Fund Managers (Singapore)

Naciones y Valores de México 54

Account Jan 30 _____ Page 7245
Africa Emerging Markets Fund

DATE Jan 30 _____ \$15 13515
Business Center

ICM Average Daily RBC Jan 30 ..	51001.45
ICM Credit Average RBC ..	51250.11

Allied Dunbar International Fund A

Unita Capital Management Ltd

State A _____ \$103.04 100.23

Alpha Food Management Ltd

Appl. Europe May 31	—	£294.00
Appl. Futures Jan 30	—	\$250.13

Alpha Office May 31	\$127.47
Alpha Office May 30	\$125.52
Alpha Office for LHM HSC-2	\$100.00

Spice Apple Cider Dec-May '91	\$125.52
Spice Apple Wine Dec-May '91	\$215.07

John Dodge Class A Jan 30	\$207.48
John Dodge Class B Jan 30	\$751.61
John Dodge Class C Jan 31	\$152.77

Alpha Latin Am Jan 30	\$538.89
Alpha Pacific May 31	\$506.25
Alpha Global May 31	\$506.25

Apr 15 - May 31	\$38.21
Apr 15 - May 31	\$27.21
Apr 15 - May 31	\$22.12

Monday (All Areas) Feb. 29	\$144.91
Tuesday (All Areas) Mar. 30	\$227.85
Wednesday (All Areas) Mar. 31	\$190.00

2006 New York State Tax	3100.50
2006 New York State Tax	3107.40
2006 New York State Tax	3108.50

BlackBerry Bold 9630 May 20	\$1,395.24
BlackBerry Bold 9630 Jun 20	\$1,395.22
BlackBerry Bold 9630 Jul 20	\$1,395.20

Bank & Trust Company
 1000 Broadway, New York, N.Y. 10003

DM Int'l Income (DEC)	\$138.74
DM Int'l Equity (DEC)	\$143.54
DM Int'l Equity (DEC) —	\$135.72

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STC Investment Company Ltd

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ROOM -	51076.13

Investing Partners (SV) Ltd
Investing Action Select Corporate Fund

_____ \$70.00

;

Dow surges Strong \$ sends Dax back to record high after gains for bonds

AMERICAS

Boosted by rising bond prices and continued enthusiasm about second-quarter earnings, Wall Street took to higher ground by midday with the Dow Jones Industrial Average gaining 61.98 to 7,948.74, writes John Labate in New York.

"Money is pouring into this market and it's feeding on itself," said Mr Bill Meehan, market analyst at Prudential Securities. Earlier in the day producer prices for June helped to get the market going. The PPI dipped 0.1 per cent, making the sixth consecutive month of declining prices.

Helping to lift the Dow was American Express, which leapt \$3.40 to \$81.90, and Hewlett-Packard, which rose \$2.40 to \$60.00. Another big gainer, McDonald's, added \$1.30 to \$50.00.

On the downward track, MCI tumbled \$6.00 or nearly 15 per cent to \$36.50 after a warning on Thursday on its earnings outlook. Shares in British Telecom, MCI's planned purchaser, also took a hit, falling \$5.00 or more than 6 per cent to \$76.00.

Other telecommunications companies also fell as AT & T lost \$2.00 to \$55.00 and Sprint fell \$1.00 to \$30.00. Shares in mortgage lender

Fannie Mae slid \$1.00 to \$42.00 after a Thursday announcement regarding its investment portfolio.

Crown Cork & Seal, the packaging company, fell by more than 10 per cent or \$6.00 to \$50.00 after its quarterly earnings release failed to meet analysts' expectations. Technology stocks were trading higher as the Nasdaq composite index soared 9.76 to 1,509.68. Leading the way were Dell Computer, up 97¢ to \$136.00, and Apple Computer, which gained \$1.00 or more than 11 per cent to \$144.00 after suffering heavy losses on Thursday. Intel gained \$2.00 to \$152.00.

TORONTO continued to move higher, partly tracking the solid start on Wall Street but also responding to further impressive gains for bank shares. At noon, the 300 composite index was up 29.58 to 6,628.50.

The good run for bond markets underpinned an active morning for the banking sector. Royal Bank of Canada put on 45 cents to C\$66.15 and there was progress too at Bank of Montreal which gained 25 cents to C\$67.45.

In the broader market, Alcan Aluminium rose 45 cents to C\$48.40 and Seagram added 20 cents to C\$64.70.

Sao Paulo drops 1.7%

SAO PAULO came in for heavy selling and leading stocks moved lower across the board. Brokers said that the morning shakeout was mostly inspired by foreign sell orders. Telebras came off 2.6 per cent to R\$168.50 and Eletrobras shed 1 per cent to R\$765. At midsession, the Bovespa index was down 222 or 1.7 per cent at 13,377.

MEXICO CITY also moved lower and at midsession the IPC index was off 47.85 to 4,814.54. News of improved earnings pushed glassmaker Vitro 25 centavos higher to 85 pesos, but most leaders

lost ground. Telmex came off 15 centavos to 21.10 pesos while a switch to "sell" from "buy" at Paribas left Pemex 1.40 pesos weaker at 32.50 pesos.

SANTIAGO traded lower as worries about the looming results season combined with profit-taking to trim shares in most sectors. "We're having an attack of nerves ahead of the second quarter results season. People are talking about weak utility earnings," said one broker. At midsession, the IPSA index was 0.89 lower at 134.67.

EUROPE

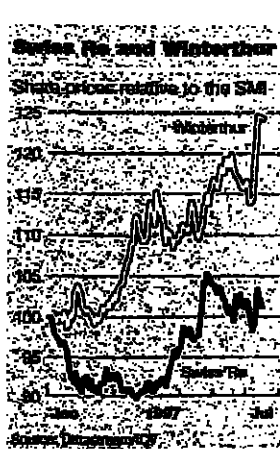
The strengthening dollar, which reached a near six-year high against the D-Mark, and a firmer opening on Wall Street, sent FRANKFURT soaring back to record highs in late electronic trading. The Dax index rose 73.65 or 1.8 per cent to 4,074.30.

Financial stocks were in the spotlight as Munich Re heartened the market with full-year results. Renewed speculation that the sector was ripe for consolidation and takeovers also lent support.

Munich Re ended the session at DM6,135, up DM106 from the day's floor close and DM524 or 8.3 per cent higher than Thursday's close. Full-year results, which came in above market expectations, prompted a number of earnings upgrades from analysts.

Elsewhere, Preussag put on DM10.80 to DM58.60 and Thyssen was DM10.20 higher at DM438.00 on news that the two engineering groups planned co-operation in the shipbuilding business.

ZURICH spent a third day



in retreat from the record highs registered early in the week as the market was hit by takeover speculation in the insurance sector and credit rating downgrades for two of the big three banks. The SMI index fell 83.9 to 5,801.5.

Winterthur was at the centre of attention after Mr Martin Ebner, the maverick financier, said his RZ Group had boosted its stake in the insurer to around 18 per cent. He also revealed that Swiss Re had built a stake.

Winterthur's shares climbed 7.5 per cent between

Monday and Thursday amid speculation that Germany's Allianz could be a predator. After an early rise to SF1,474 yesterday, Winterthur pulled back to close SF20 weaker at SF1,418.

Swiss Re took a similar route, climbing to an early SF2,260 before turning back to close SF67 lower at SF2,138.

"I can't begin to fathom out what Ebner is up to," said one analyst. "It is all very well being an old-fashioned 1980s-style corporate raider but not with the shares at their current prices. Winterthur is already making big efforts to improve the business and I can't see what more they could reasonably be expected to do."

UBS lost SF23 to SF1,685 on news that BK Vision had raised its stake in registered shares and had disposed of its holding in bearers.

Elsewhere, among the banks, CS Group lost 75 cents to SF202.25 and SBC fell SF19.50 to SF142.50 after the European credit ratings agency, downgraded its long-term ratings on both.

AMSTERDAM renewed its

FTSE Actuaries Share Indices

Jul 11	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Actuaries 100	2658.53	2657.38	2655.56	2655.36	2655.36	2657.17	2657.44	2657.44
FTSE Actuaries 200	2657.36	2656.70	2655.36	2655.36	2657.17	2657.44	2657.44	2657.44

See also FTSE 100 (2658.53), FTSE 200 (2657.36), FTSE 300 (2655.56), FTSE 400 (2655.36), FTSE 500 (2655.36), FTSE 600 (2655.36), FTSE 700 (2655.36), FTSE 800 (2655.36), FTSE 900 (2655.36), FTSE 1000 (2655.36), FTSE 1100 (2655.36), FTSE 1200 (2655.36), FTSE 1300 (2655.36), FTSE 1400 (2655.36), FTSE 1500 (2655.36), FTSE 1600 (2655.36), FTSE 1700 (2655.36), FTSE 1800 (2655.36), FTSE 1900 (2655.36), FTSE 2000 (2655.36), FTSE 2100 (2655.36), FTSE 2200 (2655.36), FTSE 2300 (2655.36), FTSE 2400 (2655.36), FTSE 2500 (2655.36), FTSE 2600 (2655.36), FTSE 2700 (2655.36), FTSE 2800 (2655.36), FTSE 2900 (2655.36), FTSE 3000 (2655.36), FTSE 3100 (2655.36), FTSE 3200 (2655.36), FTSE 3300 (2655.36), FTSE 3400 (2655.36), FTSE 3500 (2655.36), FTSE 3600 (2655.36), FTSE 3700 (2655.36), FTSE 3800 (2655.36), FTSE 3900 (2655.36), FTSE 4000 (2655.36), FTSE 4100 (2655.36), FTSE 4200 (2655.36), FTSE 4300 (2655.36), FTSE 4400 (2655.36), FTSE 4500 (2655.36), FTSE 4600 (2655.36), FTSE 4700 (2655.36), FTSE 4800 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COMPANIES AND FINANCE: INTERNATIONAL

Stet wins bid to operate Retevisión

By Tom Burns in Madrid

Stet, the ambitious Italian telecoms company, yesterday added Spain to its global strategy by winning the bid to operate Retevisión, the country's second fixed telephony carrier.

The win gives Stet, which recently formed an alliance with AT&T of the US and the Unisource European partnership, the licence to operate the state-owned TV signals company as the competitor to Telefonía before the end of the year.

The board of Retevisión said yesterday that a consortium led by Stet and Endesa, the dominant domestic power group, had beaten off a bid by France Telecom and Sprint, the US operator.

Stet's consortium bid Pta116.3bn (\$786m) for 60 per cent of Retevisión. It will now pay a further Pta64.4bn in a rights issue that will raise its stake to 70 per cent. The consortium, which includes Unión Fenosa, Spain's third-ranked power group, six regional savings banks and a local operator in the Basque Country, plans to invest some Pta500bn over the next 10 years to develop its telecoms network.

The government, which

full privatised Telefonía in February, is expected to sell its remaining 30 per cent stake in Retevisión next year. The disposal will give AT&T and the Unisource partners the opportunity to buy into the new operator.

The Retevisión licence is considered a prize because telephone usage in Spain is low by European standards but is growing strongly. Telefonía's earnings from basic telephone services in the domestic market rose by 16 per cent last year to Pta1,407bn and represented 80 per cent of its total revenues.

The government has set low interconnection fees - the price that the second operator will pay Telefonía for using its lines - to help kick-start Retevisión's business. The second operator will now have a year to build its services as Telefonía's sole competitor ahead of the total deregulation of the domestic sector in December 1998.

Retevisión should be able to offer aggressive pricing for trunk and international calls and Telefonía believes that it stands to lose around 10 per cent of its domestic market by 2000.

Tiny animator takes on Disney

Mainframe Entertainment of Canada creates TV shows at unique speed

When the founders of Mainframe Entertainment started work on their dream cyber-studio, they were forced to work from their kitchen tables. Just a few years later, the fruit of their labour is spilling out of television sets into living rooms around the world.

Little known outside animation circles, Mainframe is the Canadian technology and entertainment company that produces the hit computer-animated television series Reboot, about to enter its third season.

Producing 3-dimensional images generated by three British graphics specialists who are the soul of the company, Mainframe can create its shows faster than any other in the business. But with mighty US competitors such as Disney, Pixar and DreamWorks, it has its work cut out to remain a leader.

The detailed facial expressions and human storyline of Reboot have excited children in over 50 countries. The series, shown on ITV in the UK, pits human-like sprites and malicious beast-like viruses against each other in the innards of a computer.

But few adults are familiar with the force behind it. When Mainframe shares began trading on the Toronto stock exchange three weeks ago, few analysts had heard of Main-



The 'Reboot' TV series is known to children in 50 countries

frame, which reported earnings of C\$334,000 (US\$243,138) on revenues of C\$18.7m for the year ended March 31.

The stock price has lan-

guished since trading began. That doesn't bother Mr Chris Brough, Mainframe president and chief executive officer. He prefers to keep expectations low: "I

want to under promise and over deliver. I want to build incrementally," he says.

Mainframe, based in Vancouver, hopes to add another one or two television series to its production schedule this year and sign a movie deal for "The Sign of the Seahorse," a children's story set in a coral reef. The company is in discussions with important movie studios to produce big-budget computer-animated pictures.

But it is Mainframe's success in television that has sparked excitement. Using Silicon Graphics computers to power a combination of commercial and proprietary software, the company can generate detailed, vibrant graphics at its unique speed.

While the producers of the hit movie Toy Story took four years to create about 80 minutes of imagery, Mainframe has been producing 16 episodes of Reboot, or 320 minutes, in a single season.

The company has produced a second series called Beast Wars and has formed strategic alliances with several groups which can help it take its product to the big screen and beyond, including one with Alliance Communications, the Canadian distribution heavyweight.

One of the artists, Mr Ian Pearson, enjoyed international acclaim for creating the computer-generated sequences in the rock group

Dire Straits' video entitled Money For Nothing.

The artists moved to Vancouver in early 1993 to avoid the cost of importing high-end equipment into England - and to take advantage of the tax breaks granted to foreign businesses creating employment.

Mainframe's real competition lies south of the border. While its proprietary software has put it about four years ahead of the industry by some estimates, US giants such as Disney, Pixar and DreamWorks SKG have developed their own computer animation capability and could eventually overtake the leader.

Having spent C\$30m in research and development costs, Mainframe is tiny compared with the well-known studios and there is no guarantee it can stay a step ahead of them.

Mainframe's challenge is twofold: not only must it provide viewers with exciting graphics and compelling stories, the group must also enhance its existing technology and develop new processes to survive in the competitive and fickle entertainment industry.

Scott Morrison

Fifa seeks meeting on World Cup row

By Frederick Stüdemann in Berlin and Jimmy Burns in London

Fifa, football's world governing body, is seeking a meeting with Kirch, the German media group, and Sportis/ISL, the Switzerland-based marketing company, in an effort to defuse a row between the two companies which is threatening the future of one of the biggest TV sports deals.

The organisation is understood to be increasingly worried that the dispute may split the partnership between the two companies, which jointly won the Sfr2.5bn (\$1.93bn) contract for the TV rights of the 2002 and 2006 World Cups.

The dispute arose when it emerged that Kirch had appointed Prisma, a Swiss company set up by former executives of ISL, to market the TV rights for the 2002 and 2006 tournaments. The German group has also taken a 25 per cent stake in Prisma.

ISL last month lost a legal battle against the executives who left the company for Prisma, after claiming they had "breached non-compete" clauses in their contracts by setting up a rival marketing company.

Kirch's appointment of Prisma has been challenged by ISL, which claims the involvement of a third party in marketing the rights would need its agreement and that of Fifa.

Fifa this week warned Prisma it was not entitled to consider it party to the deal.

It emerged yesterday that relations between Kirch and ISL have been strained by disagreement over details of a meeting with Fifa in May over the TV rights.

Mr Dieter Hahn, Kirch managing director, yesterday denied the appointment of Prisma was in breach of contract. "It was agreed that every partner was free to choose who would carry out their duties for them," he said.

Siemens disputes debt downgrade

By Graham Bowley in Frankfurt

Siemens, the German electrical and electronics group, yesterday hit back after Moody's, the leading credit rating agency, cast doubt on its ambitious expansion and restructuring strategy by downgrading its \$1.5bn of debt.

Moody's said the move reflected the strain Siemens' push into emerging markets would put on its finances. Siemens was also making slow progress in cutting costs in some core businesses, it said.

The agency cut the credit rating on Siemens' long-term debt by one grade from triple-A, the highest grade, to AAL. It was the first time its debt has not carried the top grade since it acquired a rating about 18 months ago.

Siemens disputed the decision and the shares were unaffected by the move. They rose Dm2.8 to close at Dm12.60.

Siemens insisted the downgrade would not affect its financing terms. It said it was generating strong growth in emerging market regions such as Asia-Pacific. Moody's said Siemens had

"exceptional balance sheet strength and liquidity" but that this would deteriorate in the medium term.

It said: "The gradual expansion of Siemens' business activities into the emerging markets to pursue growth will lead them into areas of fierce international competition with rising pressure on overall margins."

It said the company's efforts to raise productivity and cut costs "so far have proved insufficient" to compensate for lower prices of many of its products in emerging and industrialised countries.

Mr Andrew Griffin, analyst at UBS in London, said: "This decision will not have a great impact on Siemens."

The company is creeping higher but it is a weaker restructuring story than other companies in Europe. The downgrade came as Siemens' yesterday announced a new contract to build a steam power plant in Brazil with investment worth \$300m.

The plant, in Volta Redonda in the state of Rio de Janeiro, is to be built for Companhia Siderurgica Nacional, the largest steel producer in Latin America.

Thai finance hopes hit

By Ted Bardecke in Bangkok

Hopes of cleaning up Thailand's ailing financial sector were dealt a blow when only four of the country's suspended finance companies announced rescue plans by yesterday's central bank deadline. Thai financial authorities had hoped for an infusion of foreign cash to help the sector.

CMIC Finance and Securities said New Straits Times Press of Malaysia had offered to buy more than 51 per cent of the company, pending a relaxation of laws

which limit foreign holdings of finance companies to 25 per cent.

Company executives said CMIC, which has a strategic alliance with Merrill Lynch, would have to raise its registered capital by at least B\$500m (\$17m).

CL Sahaviriya Finance & Securities said it would sell half its equity to undisclosed foreign partners after French investment bank Crédit Lyonnais said its 25 per cent stake. The company will double its registered capital to B\$1.2bn, executives said.

Thai Financial Trust said Reppo Holdings of Malaysia and Asia Securities of Taiwan had each offered to buy 25 per cent of the company. Thai Financial is proposing to raise its registered capital by almost B\$1bn to B\$1.5bn through the deal.

Country Finance & Securities said it would be taken over by Leam Thong Bank, a small Thai commercial bank, which would take a 51 per cent stake and bring in a group of foreign investors.

Two big companies on the central bank's suspended list, Finance One and General Finance & Securities, failed to make announcements.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS										DOLLAR INDEX									
Figures in parentheses show number of lines																			
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency % chg on day	Gross Div. Yield					
Australia (70)	236.14	-0.3	207.43	169.20	214.98	211.21	-0.1	3.84	236.28	206.57	168.83	218.98	211.55	243.87					
Austria (29)	231.58	-0.5	178.21	143.88	182.25	183.19	-1.1	1.79	232.25	177.81	144.15	185.26	185.16	202.87					
Belgium (29)	227.31	0.1	228.03	183.94	234.25	229.43	-0.5	2.98	228.05	228.05	183.16	235.40	230.21	206.70					
Brazil (30)	322.44	0.6	283.24	230.50	293.55	290.59	0.5	1.14	320.98	282.07	229.55	263.70	337.19	322.44					
Canada (127)	215.82	0.4	180.59	154.28	196.49	214.08	0.4	1.70	214.89	180.02	155.18	198.94	213.58	215.62					
Denmark (32)	405.37	1.9	255.96	200.48	269.07	308.72	1.3	1.39	398.57	284.17	238.25	276.54	333.25	381.75					
Finland (28)	301.43	-0.9	264.79	215.48	274.45	328.40	-1.1	1.57	304.09	267.48	216.72	276.54	333.25	381.75					
France (84)	224.91	-0.2	206.35	167.33	213.87	218.13	-0.7	2.40	233.24	207.01	167.73	215.57	210.82	237.57					
Germany (58)	226.52	-0.1	188.99	161.88	206.23	208.25	-1.6	1.37	228.71	201.18	163.01	209.59	209.20	238.71					
Hong Kong, China (89)	516.00	1.2	455.08	370.50	471.00	514.91	1.2	2.94	511.67	450.07	370.50	471.00	514.91	1.2					
Indonesia (27)	247.82	-1.9	217.70	177.16	228.55	269.88	-1.9	1.75	232.72	222.29	180.11	231.49	278.95	269.88					
Ireland (17)	389.05	1.0	384.18	283.81	335.98	340.55	0.5	2.82	385.35	321.96	280.38	334.65	338.99	389.05					
Italy (58)	94.04	0.0	87.00	70.80	90.17	128.52	-0.5	1.95	95.07	87.14	70.81	90.75	127.21	99.83					
Japan (107)	136.11	-0.0	118.57	97.30	128.92	173.00	0.3	0.81	136.12	118.73	97.31	128.98	167.01	150.97					
Malaysia (17)	483.35	-1.8	424.38	345.51	440.04	483.38	-2.4	1.48	482.20	432.85	345.51	440.04	483.38	-1.8					
Mexico (27)	173.65	0.5	152.77	124.65	159.34	149.98	0.6	1.24	172.15	152.01	122.86	149.15	148.76	111.35					
Netherlands (19)	421.20	-0.8	370.00	301.10	383.47	379.03	-1.4	2.05	424.68	373.58	301.10	382.01	384.48	425.63					
New Zealand (14)	54.93	-0.8	85.13	67.85	85.16	74.72	-0.7	3.89	56.42	83.57	68.01	87.14	75.26	96.47					
Norway (11)	291.52	-0.3	252.90	230.14	238.10	320.40	-0.4	1.52	292.88	284.06	230.16	238.81	320.40	254.47					
Philippines (22)	148.96	-4.4	130.95	106.48	135.82	198.28	-4.3	1.06	155.86	137.10	110.16	142.77	205.10	148.37					
Singapore (42)	386.40	-1.4	338.43	276.22	351.78	354.72	-1.8	1.20	391.77	344.81	279.22	332.86	359.58	448.01					
South Africa (44)	385.25	-0.8	312.08	253.85	323.43	333.41	0.5	2.45	382.28	308.85	259.09	322.61	331.95	370.12					
Spain (29)	271.10	-0.4	238.49	194.85	247.18	304.24	-1.0	1.18	272.82	228.81	247.18	304.24	304.24	271.10					
Sweden (19)	504.13	-1.1	442.85	360.38	458.98	575.53	-1.2	1.79	509.48	448.15	363.11	438.66	592.57	509.48					
Switzerland (33)	326.03	-0.6	286.40	233.07	298.58	323.13	-1.5	1.15	328.02	288.53	233.07	300.46	297.68	329.59					
Taiwan (45)	85.87	0.0	55.95	46.51	57.98	72.44	0.0	4.26	81.23	53.88	43.84	56.08	68.00	168.81					
United Kingdom (213)	215.02	-0.2	216.74	225.21	227.74	276.74	0.1	3.63	214.25	225.05	225.21	227.74	276.74	0.1					
USA (844)	370.07	0.6	325.08	264.55	336.92	370.07	0.6	1.85	367.78	323.50	262.12	336.92	370.07	0.6					
The World Index (2471)																			
Americas (258)	339.21	0.6	297.97	242.48	308.82	285.50	0.5	1.85	337.14	296.56	242.48	308.82	283.87	304.71					
Europe (718)	280.31	-0.3	246.23	200.38	255.20	289.40	-0.7	2.47	281.05	247.21	200.38	257.43	281.19	282.11					
Norisk (100)	428.70	-0.5	378.58	306.46	390.30	428.27	-0.8	1.73	430.94	378.06	307.13	394.73	428.45	428.70					
Pacific Basin (851)	153.77	0.0	135.08	108.95	140.00	111.47	0.2	1.27	153.81	135.29	108.95	140.00	111.25	164.03					
Europe (108)	209.02	-0.2	181.48	147.88	188.08	198.10	-0.9	1.85	207.81	180.49	147.88	188.08	198.10	209.02					
North America (77)	358.53	0.6	318.72	257.74	328.25	358.72	0.6	1.87	358.35	315.21	255.40	328.24	357.33	358.53					
Europe Ex. UK (508)	254.75	-0.5	228.78	182.11	231.55	243.00	-1.1	1.82	256.08	225.25	182.11	234.56	245.77	254.75					
Pacific Ex. Japan (69)	307.28	-0.1	270.01	218.73	278.85	270.98	-0.1	2.75	307.82	270.59	218.73	281.78	271.32	307.28					
World Ex. US (1827)	210.67	-0.1	188.08	159.83	181.80	174.24	-0.2	1.54	210.88	185.49	159.83	181.80	174.24	210.67					
World Ex. Japan (2258)	288.27	0.2	225.12	188.20	233.32	225.61	0.2	1.81	255.86	224.88	188.20	233.32	225.61	288.27					
World Ex. Europe (1088)	325.40	0.3	285.82	232.68	295.33	314.65	0.1	2.00	324.57	285.49	232.68	295.33	314.65	325.40					
The World Index (2471)	381.34	0.2	329.57	265.55	287.53	320.48	0.2	1.81	380.73	329.34	265.55	287.53	320.48	381.34					

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in Regional Indices							
Africa (14)	180.04	+4.3	130.08	297.85	6.33	22.23	297.85
Australia (1)	138.23	+0.9	137.42	238.02	3.58	15.85	245.10
North America (17)	194.57	+3.5	129.56	188.45	0.78	38.35	188.45

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Day 4	Masai Mara, full day game drive	Day 11	Tour 'perfumed island' of Nosy Be, Madagascar
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COMPANIES FT MARKETS

Weekend July 12/July 13 1997

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France cancels sale of Thomson-CSF

By David Buchan in London

France's Socialist government yesterday cancelled the privatisation of Thomson-CSF and said it would find another way of integrating the electronics company into the European defence sector while keeping it under state control.

The move had been clearly signalled by Mr Lionel Jospin, the prime minister, but will still come as a blow to the two rival French bidders for Thomson - the Alcatel telecommunications group and the Lagardere conglomerate - and to others in the European armaments industry.

The previous rightwing Juppé government, which launched the privatisation last year, had last April barred General Electric Company of Britain from making a solo bid for Thomson-CSF, but encouraged the UK group to team up with French bidders.

Last night's statement from

the prime minister's office said the government had decided to end the privatisation procedure because it "did not preserve the interests of the state, the company or its employees".

It said that "in the coming weeks" it would come up with "an industrial solution" to make Thomson-CSF part of "a French professional and defence electronics grouping" with "a decisive public shareholding".

Mr Jospin, flatly against privatisation during the election campaign, had recently appeared to waver on the issue, indicating a readiness to pursue the partial privatisation of France Telecom planned by the Juppé regime. Earlier comments by Mr Jospin that, while refusing to surrender control of state-owned defence companies, he would allow "adaptations" in these companies had kept hopes alive in Lagardere and Alcatel that they might be able to take

a share of Thomson-CSF. But the state could hardly reduce its 58 per cent share in Thomson-CSF much if it intends to keep a "decisive" control.

The impasse over Thomson-CSF, Europe's largest defence electronics group, has effectively blocked the wider restructuring of the European arms industry, itself lagging far behind rapid rationalisation and mergers in the US. The formal cancellation of its sale may now threaten some of the alliances formed around the planned privatisation.

British Aerospace and Daimler-Benz Aerospace had forged closer alliances with Lagardere in order to form a consortium bid for Thomson-CSF. GEC had said it would enter negotiations with whichever company bought control of Thomson-CSF.

France the exception in Europe, Page 7

Christie's set to be top auction house

By Antony Thornicroft

Christie's, the fine art auctioneers, has almost certainly overtaken Sotheby's to become the world's largest auction house after a buoyant first half that saw the auction sales rise 23 per cent in dollar terms (15 per cent in sterling) to \$908m (\$557m).

The rise in sales to the highest level since the art market peak in 1990 was largely due to the recovery in demand for top quality Impressionist and Modern pictures. Sales in this sector were 68 per cent higher at \$285m, with a contribution of \$93.8m coming from the collection of John and Frances Loeb at a New York sale in May. This auction provided the top lot of the six months, \$23.1m paid for a portrait by Cézanne of his wife.

Christie's appeared set last year to overtake Sotheby's when its auction sales rose by a fifth to \$1.1bn (\$1.85bn) while those of Sotheby's declined 4 per cent to \$1.6bn. Other sectors to improve for Christie's in the first half were Asian art, up 37 per cent at \$63.8m; 19th century pictures, 26 per cent higher at \$47.9m; and contemporary art, a 14 per cent gain at \$55m.

In all, 75 works of art sold for more than \$1m each against 59 in the first half of 1996. New York has confirmed its position as the leading centre for art sales, accounting for \$250.5m of Christie's turnover. Activity in London was slightly lower, although Christie's South Kensington, which deals in medium priced antiques, increased sales by 14 per cent to \$63.7m. London's status was boosted subsequently by sales in St James's in the first 10 days of July. They brought in \$54.06m with two chairs and two sofas made by Chippendale to designs by Adam selling for \$5.5m.

The highlight of the second half for Christie's will be the sale of the Ganz collection of 20th century art, the greatest collection of paintings in this sector to be offered at auction, in New York in November. It is expected to bring in more than \$125m.

THE LEX COLUMN Disconcerting

All those telephone lines and still no communication! The most disturbing aspect of MCI's profits warning is that it took its partner, British Telecommunications, completely by surprise. The two, after all, have seats on each other's boards and are - regulators willing - only months away from a \$20bn merger.

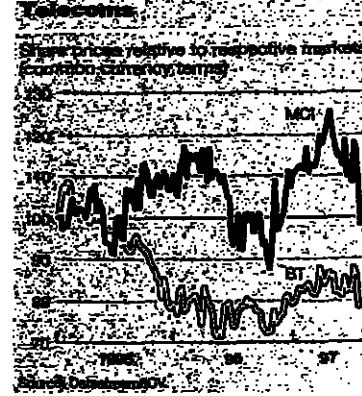
Despite this blow, BT is unlikely to pull out of that merger. Gaining access to the US market through MCI is supposed to be a vital part of its global strategy and the two companies' international product lines are linked through the Concert joint venture. Abandoning MCI would also dub BT short-termist, reducing its attraction to other telecom partners.

There is a clear case, however, for renegotiating the merger terms to take account of the drop in MCI's value. Extra spending to break into the US local telephone market, coupled with problems in its core long-distance business, will cost MCI an unforeseen \$1.5bn over the next two years. That translates into earnings downgrades of 30 per cent for this year and 45 per cent for 1998. Admittedly, BT's value has also fallen thanks to increased pension costs following the Budget. But the effect on earnings is less than 5 per cent.

MCI's management is bound to argue that its redoubled efforts in local telephony will give it a lead over long-distance rivals AT&T and Sprint and make it a stronger company in the end. Privately, it may even admit to BT that its estimated losses have been inflated to scare the regulators into action against foot-dragging by the Baby Bells. But none of this should sway BT's management, which has a duty to minimise dilution for its shareholders. After yesterday's share price falls - 15 per cent for MCI, 8 per cent for BT - MCI's price is nearly 15 per cent below that assumed in the merger. And that can no longer plausibly be blamed on regulatory risk. BT should insist on shaving the terms by at least 15 per cent.

That should somewhat placate BT investors but it still gives them plenty to mull over. For a start, MCI's management judgment looks questionable. It has completely misjudged the costs of breaking into a new market, while AT&T's warning in March about the difficulties it was experiencing in local telephony seems to have passed it by. Another serious issue is the damaged credibility of BT's management, which

FTSE Eurotrack 200:
2645.1 (+21.2)



seems to have been unaware of its partner's problems. The biggest question of all is whether the two teams will be able to work together effectively after this shock. Cross-border mergers always involve a degree of culture clash. But usually the companies have at least merged before it starts.

British Airways

At first sight, British Airways' industrial relations tensions look a mystery. Take this week's cabin crew strike. BA wants efficiency gains saving \$42m (\$71m) a year; the union agrees changes worth this much are needed. So why do we have this costly melodrama?

Expensive it certainly is. The union's claim that the dispute has so far cost BA \$20m looks overblown. But suppose BA is losing half its \$24m daily revenues; even if the airline is saving some costs, a day's strike probably hits pre-tax profits by \$10m. To this should be added the additional loss of passengers switching future bookings - last year's threatened pilot strike cost \$15m this way. Then there is the cost of the airline's pre-emptive measures, not to mention a likely marketing campaign to persuade customers back once the battle is over. All told, three days' strike has probably cost something like \$50m-£60m before tax - getting on for 10 per cent of annual profits.

From one perspective, this is clearly a price worth paying. BA's business improvement programme will, it is claimed, add £1bn of value. If this requires BA to spend some money withstanding a strike, many investors will think, so be it. Furthermore, this cost-cutting

round is not likely to be the last. If the American Airlines alliance goes through, further blood-letting is inevitable. This would be a great deal easier if the unions could be beaten into quiescence.

The snag is that such a clear-cut outcome looks far less likely than a fudge. If anything, indeed, BA's rhetoric is softening. Of course, in the end the airline may well be able to claim its £42m savings, together with the contracting-out of catering. But the union will not only, presumably, live to fight another day but it will have demonstrated that it does have real support and can inflict serious damage. It will, in short, have strengthened its negotiating hand in the inevitable battles to come.

Food retailers

Panicky fund managers seeking refuge from strong sterling have been piling into the food retailers. The sector's largely domestic focus has helped it outperform the market by 10 per cent since the Budget. Mostly this reflects investors' defensive mood. But the sector is also seen as being a relative winner from Budget tax changes, while a good trading statement from J Sainsbury has buoyed spirits further.

With the sterling effect still not fully in the market, the default case for buying food retailers remains attractive. But are there other reasons for being positive? Certainly, a welcome air of stability has returned. The big four - Tesco, J Sainsbury, Asda and Safeway - appear to have discovered how to live together profitably: by grabbing margin from the sector's minnows. All four are increasing like-for-like sales, and with only 44 per cent market share between them further gains are achievable. Gross margins are also steady, with the increased portion of high value, non-food items offsetting higher costs from improving service.

Given the sector's accident-prone past, investors would do well not to get over-excited. Much of the roughly 12 per cent discount to the market has been wiped away over the past week. Still, without an outbreak of price-cutting recidivism, the sector's relative appeal should provide the rerating with further momentum. But longer term price recovery will require evidence that the more stable industry and economic backdrop is translating into more robust earnings growth.

Chrysler's income halved by strike and competition

By Richard Waters in New York

The strike at a Detroit engine plant that shut down a number of Chrysler's assembly lines this spring cost the company \$730m before tax, it emerged yesterday.

The effects of the dispute, along with fiercer competition in the US automobile market, led the country's third biggest car and light truck manufacturer to report a 53 per cent drop in net income for the second quarter to \$483m, or 70 cents a share - broadly in line with analysts' expectations.

The dent to Chrysler's earnings will be echoed next Wednesday by General Motors, which has already said that strikes have cost it \$490m this year.

Only Ford, which is finally reaping the benefits of a cost-cutting programme and the launch of a range of more prof-

itable models, is expected to record a rise in earnings compared with the same period last year.

In Chrysler's case, the earnings decline came on a \$1.4bn fall in revenue to \$15.8bn. Even without the strike and other one-off issues, earnings for the period would have been down 12 per cent, reflecting the recent slowdown that has hit new vehicle sales in the US after a strong start to 1997.

This has contributed to greater competition on price, eating into margins. Chrysler's overall after-tax profit margin in the period was 3.4 per cent, down from 6.5 per cent the year before.

The company said the incentives it had used to attract customers cost an average of \$980 a vehicle in the latest quarter, up from \$705 in the first three months and \$625 the previous year.

The huge popularity of the

company's Jeeps has come under attack recently from a new wave of competition in the sport utility market, putting the profitability of its vehicles under more pressure.

"The market has become significantly more competitive than we expected earlier in the year," said Mr Bob Eaton, chairman of Chrysler. He added it had taken steps to reinforce its profitability by putting a temporary freeze on hiring, cutting overtime and travel, and delaying some capital spending.

The decline in earnings per share from the previous year was limited in part by the company's heavy share repurchase programme, which has reduced the number of shares outstanding by 9 per cent from last year. The company spent another \$410m on its own stock in the second quarter, adding to the \$57m it spent in the first three months.

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Markets latest

FTSE 100	4790.5	(+31.7)
Yield	3.40	
FTSE Eurotrack 100	2645.1	(+21.2)
FTSE All-Share	2290.41	(+120.71)
Nikkei	19875.40	
New York Composite	7949.84	(+62.89)
New York Dow Jones	9175.19	(+40.44)
S & P Composite	9175.19	
LONDON MONEY		
3-mo Interbank	6.50	(same)
US\$ long gilt bid	114.01	(Sept 114.02)
LIFE LONGTIME RATES		
5 Federal Funds	5.75%	
3-mo Term Bill: Yld	5.25%	
Long Bond	7.01%	
Yield	6.23%	
NORTH SEA OIL (August)		
Brant Dated	\$18.01	(18.08)
ISTAT		
Gold		
New York Comex Dec	\$321.8	(320.2)
London	\$320.15	(319.65)

FT WEATHER GUIDE

Europe today

A mixture of sun and cloud is expected for most of north-western Europe. The Benelux and north-eastern France may have local showers or thunder showers. The UK will have some sunny periods, but Ireland and Scotland will be showery. Southern France and Spain will have sunshine. Most of Italy will be sunny, but the north will have some clouds. The Alps will be showery. The interior of the Balkans will have rain and thunder showers. The coast will be sunny. Ukraine and southern Russia will have rain and thunder showers.

Five-day forecast

The UK will have showers or rain on Sunday, but most of north-western Europe will stay dry. North-western Europe will become unsettled in the first few days of next week. Northern Spain and France will have rain. This will spread to the Benelux, Germany and the Alps later.

TODAY'S TEMPERATURES

Maximum	Beijing fair 34	Caracas fair 31	Faro sun 28	Madrid sun 32	Rangoon rain 31
Abu Dhabi	Celcius 21	Cardiff cloudy 21	Frankfurt fair 21	Rangoon rain 16	
Accra	thund 28	Belfast thund 24	Geneva fair 21	Rangoon rain 24	
Alders	sun 29	Berlin fair 30	Glasgow thund 21	Rangoon rain 29	
Amsterdam	fair 28	Bogota cloudy 29	Hamburg fair 25	Rangoon rain 22	
Athens	sun 30	Bombay rain 35	Helsinki sun 25	Rangoon rain 30	
Atlanta	fair 33	Brussels thund 25	Hong Kong shower 30	Rangoon rain 21	
B. Aires	show 18	Budapest fair 24	Honolulu sun 40	Rangoon rain 26	
Bham	cloudy 22	Dublin cloudy 21	Istanbul shower 20	Rangoon rain 18	
Bangkok	rain 35	Dubrovnik sun 27	Jakarta fair 32	Rangoon rain 27	
Barcelona	sun 25	Edinburgh cloudy 19	Jersey fair 19	Rangoon rain 20	
			Karachi sun 36	Rangoon rain 25	
			Kuwait sun 45	Rangoon rain 28	
			L. Angeles sun 24	Rangoon rain 20	
			Las Palmas sun 27	Rangoon rain 25	
			Lima fair 24	Rangoon rain 24	
			Lisbon sun 28	Rangoon rain 19	
			London cloudy 25	Rangoon rain 32	
			Luxembourg fair 24	Rangoon rain 12	
			Madrid fair 28	Rangoon rain 28	
			Manila fair 24	Rangoon rain 28	

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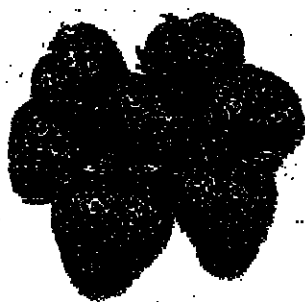
Fair Timings

10 - 11 July	: 10 am to 6 pm
12 July	: 10 am to 5 pm
13 July	: 10 am to 4 pm

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In a jam

'This year will probably go down in the annals of soft red fruit history as a wash-out.'

Page XIX



A mind unmade-up

'Maybe it's time to sell. But without Body Shop what am I worth? I really need to go into therapy about this.'

Page III



Kangaroo land

'The sailors found the shoreline thronged with large, curious kangaroos.'

Four-page focus on Australia

Pages XV-XVIII

Voyage into the void

For two years, eminent novelist Alan Garner lay paralysed by despair. Then he embarked on a quest to find the roots of his condition

I am illiterate: musically, that is; yet music has always been a necessity. I listen. It is never a background, and I could not work if any were being played. And, though I have no favourite, I tend to listen to the same piece over a long time, until something else takes its place.

I had just finished writing an educational film, *Images*, and the music that had coincided with that time was Benjamin Britten's *Serenade for Tenor and Horn*. The combination of horn with the timbre of Peter Pears' voice was seductively lovely. It was the late morning of April 16 1980, and I was listening to that record.

In mid-phrase, everything changed. The horn and the voice were a threat, seductive still, but seducing me with death. I had to switch off quickly and get out of the room.

The next thing I remember is that I was standing in the sunlit kitchen, looking over a green valley with brook and trees; and the light was going out. I could see, but as if through a dark filter. And my solar plexus was numb.

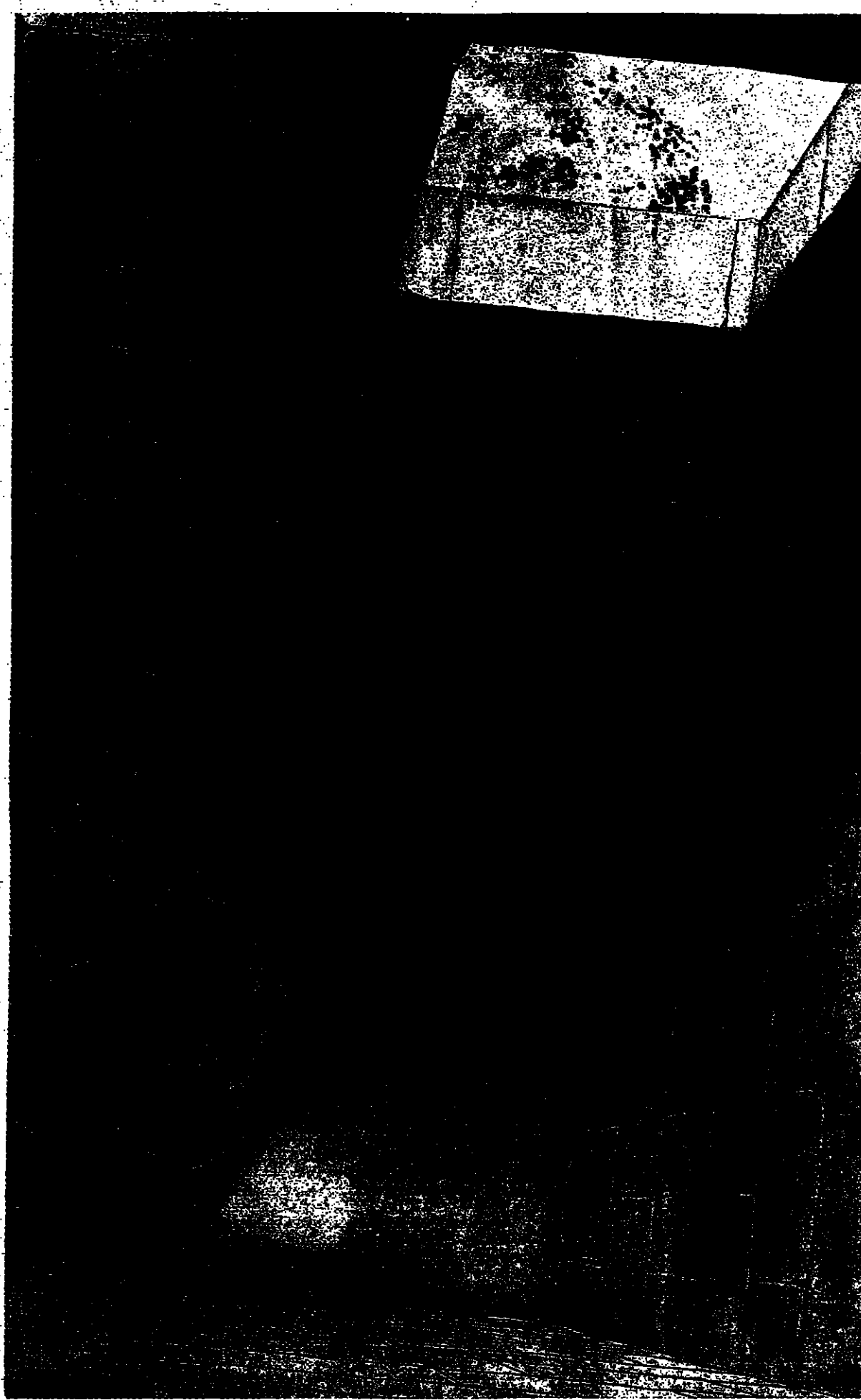
Some contraption, a piece of mechanical junk left by one of the children, told me to pick it up. It was cylindrical and spiky, and had a small crank handle. I turned the handle. It was the guts of a cheap musical box, and it tinkled its few notes over and over again, and I could not stop. With each turn, the light dimmed and the feeling in my solar plexus spread through my body. When it reached my head, I began to cry with terror at the blankness of me, and the blankness of the world.

A scene from Eisenstein's *Alexander Nevsky* swamped my brain: the dreadful passage in which Nevsky duces the Teutonic Knights on to the frozen lake, and the ice breaks, and their faceless armour takes them under. The cloaks float on the water before being pulled down, and the hands clutch at the ice floes, which flip over and seal in the knights. All that helplessness, cold and horror comprised me. I was alone in the house, and throughout the afternoon I turned the *little spiky thing* of the broken toy, which became the sound of the ice. My body was as heavy as the armour and the waterlogged cloaks as I slid beneath the ice.

When the family came home, I was lying on the kitchen settle, in a foetal position, without moving or speaking, until I went to bed at midnight. Sleep was unconsciousness without rest until the morning, when I had to face what I now dreaded: the camera and the crew, and speaking into an unblinking lens to communicate with millions of people on the other side of it, to generate emotional energy from my dead heart.

I was incapable of emotion. I had no worth. I postponed the planet, I noticed, but did not wonder at how the finished film showed none of this.

The following year, *Images* won First Prize at the Chicago International Film Festival, but by that time I had spent 12 months of 12 hours each day on the settle, my face to the wall, waiting only for the 12 hours in bed. My small children would, instinctively, stroke the back



of my neck, not speaking. Their stroking was the only thing that reached me.

The doctor diagnosed "endogenous depression", depression without external cause, and prescribed, progressively, the pharmacopoeia of antidepressants. None of them worked. For two years I lay either in the kitchen or in bed. My only feeling was of a wretched superiority. I was the grape skin after the harvest, and even that gave me the weight of reality I did not feel.

Then, one morning, almost two years to the day, I woke to find that I had come back. It was instant. Nothing was wrong. What had all the fuss been about?

Not long after, I had a letter from a Dr Kay Redfield Jamison, Associate Professor

at the Neuropsychiatric Institute Center for the Health Sciences at the University of California, to ask whether I was willing to take part in a survey of mood disorders and patterns of creativity in "eminent" British writers and artists. The profile intensity of Dr Jamison's c.v. suggested that the doctor knew from personal experience more than she was saying.

The subsequent analysis of the data revealed that 38 per cent of writers and of artists had been treated for a mood disorder, of whom 75 per cent had antidepressants or lithium prescribed, or had been hospitalised. For poets, the figure was 50 per cent on lithium; 63 per cent of playwrights had been treated for depression, and more than half through psy-

chotherapy. Eighty-nine per cent of the survey, including all novelists and poets, reported periods of high productivity, lasting usually between two and four weeks. The prevalence rates for manic-depressive and depressive illness in the general population were 1 per cent and 5 per cent respectively. At least I was not alone. And, with greater understanding, I could see that the whole of my life had had a pre-echoing pattern, at a low level, of mania and inertia. But why had this pattern become, without an apparent trigger, a full-blown state of near-catatonia and wretchedness, in the form of cold self-loathing for me, and desperation for my family? I was soon to find out.

Fourteen months after returning to "normality", yet without any ideas that had enabled me to work, I was hit as unexpectedly by the most demanding task of my life: the writing of my novel *Swandriper*. This occupied me, at full stretch, for almost 12 years. I was firing on all cylinders, including many I did not know I had. The stress, though different, was no further from the unendurable, either for me or for the family, than it was exciting and it was positive. And that gave me a clue. I had had to be totally incapacitated, in order to build the energy, to fill the reservoir, that would be needed. The analogy with an enforced hibernation fitted. If I could live with this self-loathing, and see it as a signal to let the waters rise, it could remain a necessary.

though unpleasant, part of a creative process.

There were tough periods during the first six years, but not the bottomless pit. They lasted hours, days, but not often weeks. The importance lay, as I faced the wall from the settle, in knowing that: a) this would pass; b) there was nothing I could do, so I should go with its purpose; c) it would also, having passed, return; d) it would pass.

In 1989, after six years of working and living on this unstable raft, I sensed the ice floes thicken again, in the distance. I took myself off to the doctor once more and he asked about the rhythms of my work patterns, checked the encyclopaedia of my medical notes and said: "There has been a misdiagnosis. You are clearly manic-depressive."

I then undertook the via dolorosa of arriving at the correct level of lithium carbonate for my body, the only drug to control manic-depression.

From here I must be careful to differentiate between the personal and the general, because manic-depression is only a simple label for a complex and varied condition. My only qualification for writing is that I have found ways to live a profitable life with a most dangerous and, so far, incurable condition, and I have read the literature.

Dr Jamison found that there was a tendency for creative minds to refuse to continue with lithium. The freedom from the "lows" did not compensate for the loss of the "highs". So it was with me. There was no stress, no grief, no anticipation, no laughter, no thought, no ideas. I was socially safe and could be taken anywhere. I stopped work. I had no interests. I thought, "If this is normality, give me back my madness." After three months, I refused to continue with the lithium.

However, I started work again, and research for my novel involved me in anthropology: embracing the philosophy of the highly sophisticated so-called primitive society of the Australian Aborigine. They believe that the cosmos is built of nine temporal dimensions, all simultaneously present. Four years into this discipline, I became consciously aware that I had had no manic-depressive episodes. At one level, I still go through the cycle every 24 hours, but that level is low. Every morning, I go through a depression. It is slight, and normally lasts minutes. But it can threaten worse, so I always check, with a measure of my own devising.

I am amazed that one of the stone flags of the kitchen floor has the fossil footprints of a small dinosaur on its surface. When I feel myself entering the blackness, I look at the footprints. If my reaction is still of awe ("How terrific to have this frozen moment of 200 million years ago still active!") then I know that the blackness is a railway bridge flicker, not a tunnel.

If the reaction is a panic: "How can you bear not to be able to move for 200 million years?" I take that as a warning, and apply one of the "primitive" mental exercises concerned with the handling of time. I side-step, as it were, the blackness. I am not complacent.

Manic-depression is not always a cyclical or wave-like phenomenon. To hit "low" when "high" can be fatal. The greatest threat is of suicide. Between a quarter and a half of sufferers are going to kill themselves, if something is not done.

The condition is genetic. In my case, its pattern is clear, through my maternal line, for 150 observable years, though never diagnosed until now. Usually, we have been "under the doctor with nerves".

Manic-depression can ambush. Most sufferers take precautions. Winston Churchill, for instance, always stood as far away as possible from the edge of a railway platform. I try never to be out of instant reach of a sympathetic mind. There is

Contrariwise, if there is reason and it can be appealed to, then everyone may share in the excitement, because the "high" could have produced something new, and good.

It is all a matter of balance. The fortunate manic-depressive invents a device that benefits humanity, discovers a cure (perhaps, one day, for manic-depression), should that be desirable, or creates a work of art. The unfortunate manic-depressive "sees" as does the fortunate; but it is not a true connection, and there is not available, in the degree of insanity, the logic to think out the absurdity. The connection then is more likely to be: "I shall buy 200 lawnmowers and solve the problem of global warming."

The differences are so slight. If you alone can see the "truth", you need good friends who understand that you have "knowledge that is sad to have to know". I am only a writer, a maker of dreams. You can dismiss me and no harm is done. If I were your lawyer, or your bank manager, it would have been imprudent of me to write this.

Kay Jamison, however, now Professor of Psychiatry at the Johns Hopkins University School of Medicine, having established her position as world authority on manic-depression, wrote *An Unquiet Mind: A Memoir of Moods and Madness* (Picador, 1996), an uncompromising account of her own experience of relentless manic-depression. It is the bravest, and the most hopeful, document that I have ever read.

It made me, after 16 years, dare to put on that record of *Serenade for Tenor and Horn*, and to listen.

■ *The Voice That Thunders*, a collection of essays and lectures by Alan Garner, is published this month by The Harvill Press, (£2.99 paperback, 244 pages).

'Freedom from the lows did not compensate for loss of the highs... I refused to take the drug'

something of a joke here. I am by nature a loner. I find my own company stimulating. I abhor cities, crowds and social events. I seek the isolation of woods and hills. Yet I try, when indoors especially, never to be out of reach of the safety that one human being, who need not be in the same room, secures.

It is hard for the family to stand by helplessly and watch the pain inflicted by depression. But there is a worse helplessness for the family, and that, strangely, is the "high", not the "low", since the sufferer is so energetic, so persuasive and persuaded, that there is no appealing to reason.

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Joe Rogaly
School for idealists
'What is doubtful is whether there are enough saints to act as buddies or mentors.'

Page III

True Fiction
The evil shrub
'My doctor says I have floral paranoia. I can't sleep for fear of shrub-strangling nightmares.'

Page XXIV

PERSPECTIVES

The Nature of Things

When hurricanes hardly ever happen

El Niño has reappeared in the Pacific. But not all its effects are negative, says Clive Cookson

To the consternation of the world's climate forecasters, the strange phenomenon of El Niño is back. A huge mass of warm water has built up off the coast of Peru and Ecuador over the past two months, signalling another episode in the periodic - but unpredictable - series of disruptions to the normal circulation of the tropical Pacific Ocean.

It is less than three years since El Niño - the name given to the current of warm water - last appeared. It lasted with little interruption from 1981 to 1984 - an unprecedentedly long period. In previous decades, El Niño has typically lasted for a year or two and recurred every four to seven years. So far climatologists have had little success in predicting its ebb and flow.

El Niño has its greatest effect on countries bordering the Pacific, although many parts of the world are likely to feel its impact over the coming year.

The western coastline of

the Americas will be exceptionally wet, with a risk of flooding from California to Chile. On the other side of the Pacific, Australia is threatened by severe drought.

Archaeological evidence from Peru suggests that El Niño has been occurring since about 3,000BC. The Spanish name, meaning "the boy" or more specifically the baby Jesus, was originally given by local fishermen who often noticed the first appearance of warm water around Christmas.

The ultimate cause of the phenomenon is a mystery. El Niño is part of a complex interaction between ocean and atmospheric circulation in the tropical Pacific, known as the Southern

Oscillation. In the ocean, the overall effect is something like water sloshing up and down a bath that is hot on top and cold underneath, says Mike Davey, an El Niño specialist at the UK Meteorological Office.

One immediate cause of El Niño is a reversal of the prevailing trade winds that normally blow from east to west across the Pacific, just south of the Equator. When El Niño is absent, the winds pile up warm surface water in the region of Indonesia and Australasia, while cold water wells up from deeper levels off south America. As a result, the sea surface is normally about 8°C cooler (and half a metre lower) in Ecuador than in Indonesia. The cold water is laden

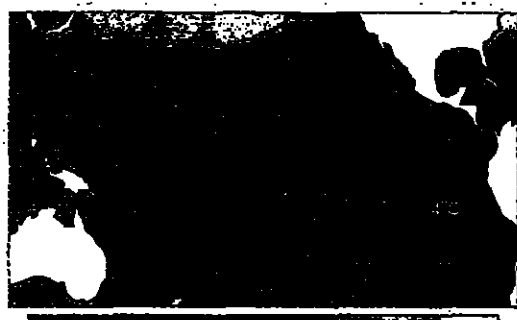


Diagram shows surface temperatures, in °C, in the Pacific Ocean last month, compared with normal. Source: NOAA.

with nutrients from the ocean depths and it supports rich fisheries. But it gives the South American coast a generally dry climate, while rising air over the warmer

water on the other side of the ocean drenches Indonesia in plentiful rainfall. When El Niño occurs, the trade winds slacken or even reverse direction. As a

result, the circulation no longer supports the upwelling of cold water off Peru and Ecuador - and the fish die of starvation or migrate south to Chile. Ocean surface temperatures rise by several degrees, feeding moisture into clouds that soak the Peruvian coast.

Meanwhile, the changing wind directions reduce rainfall on the other side of the Pacific. There is a strong correlation between El Niño and severe drought in Australia and Indonesia.

At the opposite extreme of the Southern Oscillation is La Niña (the girl). Then the easterly trade winds intensify and even colder water wells up off the south American coast. The meteorological effects of La Niña are

opposite to those of El Niño: flooding in eastern Australia and drought in Peru. But this phenomenon is not so common. La Niña last appeared strongly in 1988-89.

El Niño affects the global atmospheric circulation and influences weather well away from the Pacific. Most but not all of the effects are negative.

One good thing is that El Niño reduces the number of destructive hurricanes in the Caribbean region, says Mark Saunders, a climatologist at University College, London. This is because high-level westerly winds blow more strongly from the Pacific into the Atlantic, shearing the tops off storm clouds before they can develop into full-scale hurricanes.

According to the US National Oceanic and Atmospheric Administration, the worldwide economic cost of the 1982-83 El Niño - the most intense on record - was at least \$8bn (£5bn). Peru was hit hardest, with economic output cut by 12 per cent through destructive flooding and the collapse of fish stocks.

No one knows whether global warming - caused by human activities, particularly the burning of fossil fuels - will produce more frequent and more intense El Niños, though some climatologists believe so on the basis of computer modelling.

However, there is definitely a converse effect, at least in the short term: El Niño temporarily increases the average global temperature by pumping more heat out of the tropical Pacific. It would not be surprising if this effect, on top of a general warming trend, made 1997 and/or 1998 the warmest years for the world as a whole since records began in the last century.

Minding Your Own Business

Head in the clouds, feet on the ground

From its base in Milton Keynes, SuperSkyTrips plans to take on the world. Its founder tells Angela Bleasdale of his lofty ambitions

Forget paragliding, rock-climbing or that ultimate in adrenalin rush, the bungee-jump. Those in search of a bird's eye view without the daredevil heroics should take a more leisurely ride to the skies. Not surprisingly, Robert Ollier suggests his company has the answer. He is managing director of SuperSkyTrips, which operates the UK's first - and, he claims, the largest - tethered passenger balloon.

Ollier's enthusiasm for ballooning began more than 15 years ago while he was marshalling at an RAC rally. A hot air balloon appeared from behind a hedge, enormous and incongruous but instantly alluring. "I rushed off to the library to find out more, discovered there was a balloonist living close by - and it all started from there. It developed into a passion."

The passion has developed into SuperSkyTrips, an adventurous business that started trading in Milton Keynes, Buckinghamshire earlier this year from a parkland site near the town centre.

The helium-filled balloon, which can carry 30 passengers 650ft into the sky, has been designed and built by Per Lindstrand, crew member, designer and builder of Richard Branson's Virgin Challenger.

The idea of a tethered passenger balloon is not new - the first such balloon was hydrogen-filled and invented in 1887 by Henri Giffard, a Frenchman, for the great Paris Exhibition. But hydrogen was problematic because of its highly explosive nature.

Helium-filled balloons have been around for quite a while; the Ministry of Defence funds the Meteorological Office balloon at Cardington, Bedfordshire, for low-level weather research. But Ollier says helium-filled tethered hot-air balloons have been difficult to control in the past. "What we have got here is a modern, passenger-friendly version," he says.

'We have sites in Athens, Kuala Lumpur and Madrid and will provide management teams'

sored advertisements for companies such as British Airways and American Airlines.

Ollier is the only company member with experience in ballooning. Stafford Pemberton, consultant on the project and a good friend of Ollier's, comes from a marketing background. Ollier and his wife Fiona, the company secretary, own 70 per cent of the company and are its only two directors. Pemberton does not receive a salary but owns the other 30 per cent in return for his marketing expertise, project management and business development.

The balloon will be sited in Milton Keynes for six months through the summer season; Ollier hopes to open other UK balloon sites this

year, including Blackpool before the end of the summer season, and London.

Milton Keynes may not seem the obvious site for a major tourist attraction but, says Ollier, it is close to the M1, so the balloon is seen by many people every day. It has good rail links and is in the middle of a huge conurbation. "We tried initially to get into major cities with a strong tourist base but planning authorities were overly cautious. All we had to show them were drawings," explains Ollier.

Milton Keynes, on the other hand, liked the idea that it would be the first town to have a tethered balloon site.

"We operate on average four trips a day and hope for 65,000-70,000 customers over six months. Rides cost £10 per adult, £8 for senior citizens, £6 for children, and last for 15 minutes - five minutes each for ascent and descent. We offer group and family discounts, and corporate days. There is no age restriction," says Ollier.

The venture has required a significant financial outlay. The Milton Keynes site has cost around £250,000 to establish - the balloon was the largest single cost at £450,000. The company employs 10 people, four part-time, most of whom work on site. But Ollier is confident of a projected £1m turnover in the first year, reaping a 30 per cent profit.

He has covered one-third of the costs himself with the other two-thirds coming from a private investor who, after two years, will receive interest competitive with bank rates - "but there are fewer strings attached to the financing than would have been incurred through a bank loan".

Setting up the company

has been a necessarily slow process, from obtaining certification to fly from the Health and Safety Executive, to the manufacture of the balloon and finding leisure sites large enough to accommodate it. The inflated balloon stands 120ft high, is 75ft in diameter and has an internal volume of 6,000 cu m.

It is constructed from heavy canvas-like fabric and the seams, rather than being sewn, are welded together. Ollier says it has a high resistance to ultraviolet damage because it is coated with Tedlar, a Du Pont product. The passenger platform, suspended beneath the balloon, is made of aircraft-standard stainless steel.

The balloon is tethered to a hydraulic winch, which is powered by electric motors hidden underground. It controls the speed of ascent and ensures that what goes up does come down.

After testing by Lindstrand at his factory site in Oswestry, Shropshire, and a test flight at an old submarine hangar at the Cammell Laird shipyard in Birkenhead, Merseyside, SuperSkyTrips received a fairground ride certification.

The National Association for Leisure Industry Certification, appointed by the HSE, carries out random checks on the balloon and SuperSkyTrips has to maintain a daily log book. It is insured for up to £25m against all risks including passenger liability, though "we were seen as a low risk because the balloon is static," says Ollier.

There are, however, restrictions on its use. Weather is the biggest limitation. "We have on average 20 flying days a month in the UK. We can't fly in electrical storms but the balloon is safe in winds up to 25 knots and in rain," he says.



Robert Ollier: planning authorities in tourist cities were overly cautious, but Milton Keynes liked the idea

Countries with better weather should offer even greater prospects. Ollier already regards the overseas market as a potentially lucrative area for expansion. "We have secured sites in Athens, Kuala Lumpur and Madrid. They will be set up

as joint ventures and we will provide a management team," says Ollier.

The balloon and its ancillary equipment can be packaged into four shipping containers and transported anywhere in the world. "And because of the UK's reputa-

tion in setting ballooning standards and its stringent safety requirements, safety abroad is not an issue," he continues.

Establishing new sites, however, depends on the success of current sites. "One venture has to fund

the next. We have financing options in place for the next three balloons, though, so we have a bit of breathing space."

SuperSkyTrips Ltd, Farmwood, Chalford, Cheshire, SK11 8AF. Tel: 01565 723555. Fax: 01565 723444.

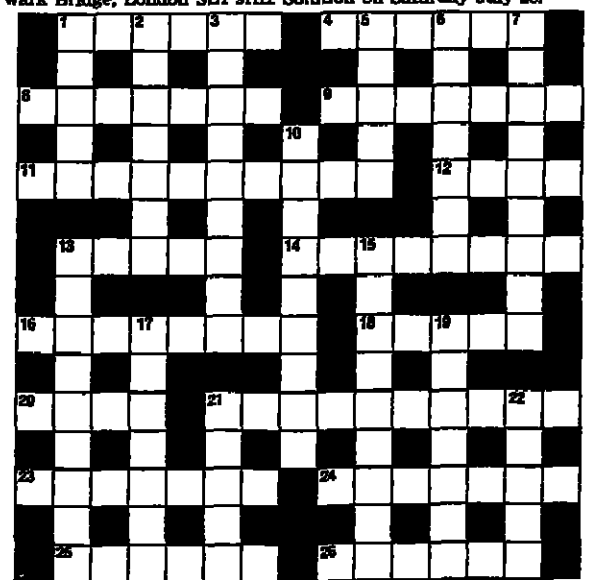
CROSSWORD

BRIDGE

CHESS

No. 9425 Set by CININNUS

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 23, marked Crossword 9425 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8NL. Solution on Saturday July 26.



Name: _____
Address: _____

WINNERS 9413: R. Edwards, Bexley, Kent; N. Freahe, London N12; G.L. Houston, Falkirk; Griselda Lewis, Woodbridge, Suffolk; J. Stobart, London SW10.

ACROSS

- 1 Winged boys from Sidcup (6)
- 2 Indian food found by central sea (6)
- 3 Detestable cur cast out (7)
- 4 One requiring treatment and prepared to wait (7)
- 5 Bird with drink, bird with vessel (10)
- 6 Cheese made round (4)
- 7 A composer some opera-lovers dig (5)
- 8 Member of family of 10 (8)
- 9 Lacking tact, but members take anything (5)
- 10 A revolutionary model for an old story-teller (5)
- 11 Orchestral overture accepted by dance band (4)
- 12 Odd avocations in Canada (4,6)
- 13 Mean, for example, about following a woman? (7)
- 14 No small company car ordered for a beast (7)
- 15 Pleasurable anticipation of false hairs grabbing legacy initially (6)
- 16 Science initially puts an end to arts (6)

Solution 9424
RECOUP RECOUP
GO ON PAIR
COMPIRE SHIRIFF
S F O O O S
REHEARSE WUB
M A A U
BASIN CALENDAR
O F U I R
DAFFODIL FARED
S E E A
EDGE DETACHMENT
E E E V I A
BOONCE ECONOMY
G L I E U G
MEDIAN MERRED

DOWN

- 1 Sound money store (5)
- 2 Recon turning up beneath (5)
- 3 Regulating a pig that's eating out (5)
- 4 Taken thus one is confounded by a defender (5)
- 5 Sort of spear for catching fish in river (7)
- 6 Lion is able to dance round a melon (5)
- 7 Account for musical river having bowed uphill (9)
- 8 Insurance for vehicle going round the bend in Canada (5)
- 9 One taking excessive interest in Karl has no change (4,5)
- 10 A trim laptop without soft wear? (7)
- 11 A clot is stupidly indifferent to pleasure and pain (7)
- 12 Information about American drink (5)
- 13 Jeremy presses clubs (5)

Solution 9413
MONEY STORE
RECON TURNING
UP BENEATH
REGULATING A
PIG THAT'S
EATING OUT
TAKEN THUS
ONE IS
CONFOUNDED
BY A
DEFENDER
SORT OF
SPEAR FOR
CATCHING
FISH IN
RIVER
LION IS
ABLE TO
DANCE
ROUND
A MELON
ACCOUNT FOR
MUSICAL
RIVER
HAVING
BOWED
UPHILL
INSURANCE
FOR
VEHICLE
GOING
ROUND
THE BEND
IN CANADA
ONE
TAKING
EXCESSIVE
INTEREST
IN KARL
HAS NO
CHANGE
A TRIM
LAPTOP
WITHOUT
SOFT
WEAR
A CLOT IS
STUPIDLY
INDIFFERENT
TO PLEASURE
AND PAIN
INFORMATION
ABOUT
AMERICAN
DRINK
JEREMY
PASSES
CLUBS

There is no bidding diagram this week, for my partner and I embarked on such a circuitous route that to display it would squander untold column inches.

West was partly to blame for, when I rebid 3NT on the South cards, she promptly led 3♥ before my partner had said so.

This, naturally, was a red rag to a bidding bull, and he proceeded to launch into a wild variety of cue-bids just to prove that the auction was not over until he said so.

N
K 1086
J 96
A 10852
-
W E
A 58 742
7432 5
Q 3 J974
1043 Q7652
S
Q J9
K 108
K 6
AK J98

Finally, in 6NT, the play promises to be as serpentine as the auction. 3♥ lead is good news, furnishing a stress-free four tricks, bringing your total to 11. Run the lead to hand via East's 5♥, winning with 10♥ - keeping later finesses unblocked.

When you attack spades, West wins with her A♠ on the third round and exits with 2♥. East shows out, but you must be careful to win with K♥, which will allow a smooth finesse against West's marked ♠ later.

There is still no 12th trick for certain but as both diamonds and clubs threaten to produce an extra trick, a squeeze, West is marked with five hearts and three spades and is therefore short in the minors. Consequently, East is long in both minors and may come under pressure trying to guard them both.

Now is the time to unravel your tricks. Lead 6♥ and play dummy's 3♥ when West follows small. Cash A♥ and K♠, on which you can pitch two small clubs from hand. East, though, is likely to squirm, having to protect both ♠x and ♠Qx - reluctantly, he will probably part with a small diamond. Now, return to hand with K♠, cash 4AK and, when Q♠ does not fall, lead 8♠ to dummy.

As expected by now, West produces Q♠. East J♠, and dummy's 10♠ is the wonderful 12th trick.

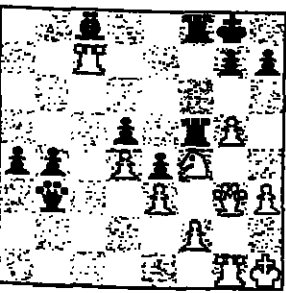
Paul Mendelson

Howard Staunton, the great British 19th century player who gave his name to modern chess pieces, is at last to have a proper memorial instead of an unmarked grave in London's Kensal Green Cemetery.

The artist and chess player Barry Martin has created a black granite tombstone, incorporating a Staunton pattern knight, which will be unveiled at 11am on July 26 at Kensal Green, followed that evening by a £25 dinner at Simpson's-in-the-Strand, the chess centre of Staunton's time. FT readers who would like to attend can obtain further details from 98 Cole Park Road, Twickenham TW1 1JA.

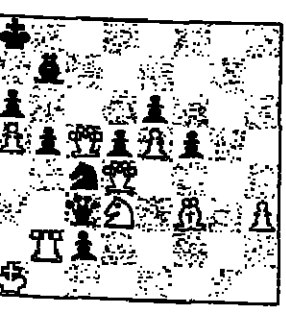
Barry Martin's next wish is to create a similar memorial to Joseph Blackburne, the other eminent chess Victorian who was the most brilliant master of his time and charmed ordinary players with his simultaneous and blindfold feats. This week's puzzles show why he was nicknamed "the Black Death": the winning course seem to come from nowhere.

No 1188
Blackburne v Lipschultz, New York 1889. As Blackburne sealed his white move at adjournment, his opponent claimed "my two



passed pawns must win". Next day the referee played the sealed move. Black replied, and White's next turn forced resignation. Can you explain?

No 1189
Tchigorin v Blackburne, Vienna 1888. White threatens



Q7 mate. How did Blackburne (to play) turn the tables?

Solutions, back page
Leonard Barden

PERSPECTIVES



Joe Rogaly

Why idealists need to go back to school

Social improvement is no longer the responsibility of the state; we are left to fend for ourselves

Britain is to have a new type of business school. Its graduates will be social entrepreneurs. This comes just in time, for we are marching backwards in step with the United States towards a Victorian future.

We know what lies in store: the survival of the successful. Fail, and you are nothing. Work or wit. This is the consequence of measuring success in cash terms. What counts is earning power, the bottom line, accumulated wealth. We are piling up outcasts as we churn out multimillionaires. Some of us spread our hands and say such is the way of the world.

Happily, it is not, or not quite. The use of energy and talent to serve others, to rescue failures, adds value whenever it happens. To the extent that this is recog-

nised, experience as a social entrepreneur is worthwhile. It does not, however, answer the question, why do they do it?

We think we know what drives an entrepreneur. Motives may be mixed but somewhere in there lies a strongly felt desire to get rich. We are less certain of what drives a social do-gooder, unless it be religious feeling or a genetically implanted sense of service. Put the two definitions together and you have the social entrepreneur. As to his or her motivation, we are bemused.

Perhaps the most famous social entrepreneur is Prince Charles. He is the force behind Business in the Community, which helps young people succeed. John Bird is of the same ilk. He gave homeless individuals *The Big Issue* magazine to sell on the streets.

Another originator, Des Wilson, created Shelter and so planted homelessness in the bourgeois conscience. Jane Tewson started Comic Relief. Peter Benson perceived the potential for the campaigning organisation that became Amnesty International, an irritant to governments everywhere. These people are all eligible to be anointed knights who ran against contemporary villains.

On Thursday Michael Young, perhaps the most innovative thinker-up of socially useful projects of the past half-century, announced the establishment of the "School for Social Entrepreneurs". The 81-year-old Lord Young of Dartington gave us the Consumers' Association and *Which?* magazine in 1967. He has been churning out similarly beneficial schemes ever since. His

new project's address is 18 Victoria Park Square, London E2 9PF, fax 0181-981-6719.

Lord Young's sixth child is 16-month-old Gaia. The planet after which she has been named will need strong-minded reformers like her father. The outlook is tough. Starting in the US in the 1980s, the retreat from government continues. Communities are being dissolved by market forces; "community" is an abstraction.

The power of large companies grows by the day. We are beached, left to fend for ourselves. Elected politicians, anxious to reduce regulation, are unwilling to increase taxation. Social improvement is no longer the responsibility of the state.

Tony Blair likes to remind us of this. In a speech last month the new Labour prime minister

praised social entrepreneurs as "people who bring to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation". He might have added that they cost the national budget nothing. Mr Blair has high hopes of "people on every housing estate who have it in themselves to be community leaders... the person who sets up a leisure centre... volunteer mentors for young people coming off unemployment..."

These are the mom and pop shopkeepers of the social entrepreneur business. As small-time operators they might benefit more from deregulation than formal training. A report due on Monday suggests that in many small and medium-sized organisations volunteers are being led by professional staff, or replaced

by salaried recruits. Demanding business skills may turn good people away. *Very Active Citizens?* comes from the Joseph Rowntree Foundation (01904 638241, or www.jrf.org.uk).

It is tempting to put the above pieces together, hand out the rose-tinted spectacles and proclaim Gaia safe. There is certainly a kind of young person who for reasons of temperament or ethical sensibility would not go near a private company or a traditional business school.

Some of these have intelligence and flair, combined with a desire to serve. Non-monetary rewards, such as the satisfaction of a task well done, or a person or group of people rescued, will suffice. It is remarkable that such spirits exist in a world in which Christianity is receding.

What is doubtful is whether

there are enough saints to get round all the wards, comfort all the patients, care for all the toddlers, act as "buddies" or mentors for all those hooked on drugs or permanently unable to find jobs, inject the spirit of how never can. Just the other day, the Institute for Fiscal Studies reported that charities face a long-term decline in the number of donors, with the biggest fall in households headed by 20 and 30-somethings.

This is not, apparently, a consequence of the arrival of the National Lottery. It must, therefore, reflect contemporary values. Greed and self-interest prevail, but not absolutely. There are still idealists around the place. They could do with a school for survival.

e-mail - joe.rogaly@ft.com



Anita Roddick: 'Do you know what stops me from selling? A feeling of intimacy with the people I work with; it's a juicy creative stew'

Photograph: Fergus Wilson

Lunch with the FT

Reading the face of the woman with light foundation

Britain's best known businesswoman contemplates selling Body Shop and gives Lucy Kellaway advice on teenagers and other things

Body five minutes had passed since Anita Roddick had walked into the scruffy, trendy Soho restaurant, Andrew Edmunds. But already the battlelines were drawn.

She had ordered an elderflower water, and I had mentioned in passing that Howard Davies had also chosen to eat at the same restaurant for his *Lunch with the FT*. She looked blank.

"Who's he?" she asked. I explained that he was the deputy governor of the Bank of England, but Britain's best-known businesswoman continued to look vague.

"Is the chairman there a shorter guy - not very charismatic?" she asked. "I had a debate with him once. I was not impressed by his reputation of old thinking. He lacked antennae."

I said antennae were not desirable in a Governor of the Bank of England.

She leant across the table. "Yes, but wouldn't it be great if he could reflect the zeitgeist?"

And so our roles were set. I was to be the champion of Eddie George and all other old thinkers. She, meanwhile, was to be the creative idealist: firing off in all directions, ill-informed, romantic. So far, so predictable. You only need glance at her weekly column in the *Independent on Sunday* - protesting about plutonium, food additives, gushing over indigenous peoples the world over - to get the measure of her interests.

Less predictable, though, was Anita Roddick herself. For a start, the small pretty woman with the big hair seemed easy going; she was smiling, laughing even.

This was not what I had expected. In the past few years I have received two humourless letters from the founder of the Body Shop, complaining about things I had written. In my view, the Body Shop was somewhere that sold sticky-sweet cos-

metics with designer ethics attached. Clever but cynical. Yet if there was a cynic present at our rickety window table it was certainly not her.

"I love food," she said warmly. "It's life, isn't it?"

"I'm going to start with artichokes," she declared as the waiter approached. "No, I'm not! I don't like artichokes."

She was to be the creative idealist: firing off in all directions, ill-informed, romantic

Eventually she chose something called halumi, followed by aubergine and wild rice cake. I ordered broad beans with ham and tuna noisins.

How does she get so much energy, I wondered. As well as running the Body Shop, she travels the world championing the causes of exploited people everywhere. She writes a weekly news-

paper column, gives endless speeches and interviews and has set up a special business school course on ethics. And whenever she is feeling giddy about having too much money she tips off to the US to spend a fortnight living rough with a vagabond.

"The company is so seamless I don't know if what I do is work or play, if it's stress or enthusiasm. It's so mushy," she explained.

The one thing she is unable to do is let up. She tells me that her husband Gordon is taking a month off to play polo in Santa Barbara, but she is refusing to go unless she can fix up a lecturing tour at Santa Barbara university.

"Next week, I'm going to rush off to do a river trip in Alaska with my daughter. She is trying to save the stretch from the loggers. I'm going to hate it because I hate swimming and hate the water and am such a physical coward."

Why do it then? "Because I love her. She's such a child out of my own womb. She's such an activist. I need that nourishment from her."

The words make you cringe. But the expression was sincere. "My daughter is always angry with me," she

said, suddenly choosing to confess her failings as a mother.

"I wasn't sensitive to what she needed. My kids remember all the emotional blackmail. We were so modern there was nothing for them to fight against. They used to say: why aren't you a real mum?"

She went on to advise me on how to deal with teenagers. "Be wild, eccentric. Take them out at midnight and go walking and pretend to be wild animals." Being a wild animal was not really my thing, I protested.

She took a bite of the halumi, which turned out to be fried cheese and not altogether to her liking. She pointed at my dish. "It was the bloody beans that put me off that," she said, speaking with her mouth full.

"You know, Lucy, you know what? My mum used to say that when you are in your 30s, it's the house, the kids that matter. When you are in your 40s it's eliminating the shits from your life - not seeing who you don't want to see, and not going where you don't want to go. When you are in your 50s you tend to be more reflective. You look back and think: what have I done?"

The 55-year-old Anita Roddick proceeded to tell me

that she was all at sea. She lies awake at night worrying about the company; frustrated at how badly Body Shop is doing in the US and France.

"Maybe this is the time to sell. It's a really strong idea. The real dilemma is that without Body Shop what am I worth? What is my role in life if not that?"

I chewed my ham in

Meanwhile, if there was a cynic present at our rickety window table it was certainly not her

amazement. Roddick the uncertain, unhappy businesswoman, longing to chuck it all in?

"I really need to go into therapy about this," she went on. I might have taken this as a joke, but as she had earlier told me about the charms of having had her face read by a soothsayer, I wasn't so sure.

that stops me from selling? It's a feeling of intimacy with the people I work with. It's a juicy creative stew. It would be cutting an umbilical cord. I'd never be free of it, wherever I go I'd see a Body Shop and think: what have they done?"

And suddenly she was her normal self again, telling me about the exciting schemes she is working on, the new store designs, the idea of giving customers massages in the shops.

She wiped a speck of food off her cheek, smudging her light foundation. "Frigging make up," she muttered.

Anita Roddick knows that a lot of people are against her. But these days she has the grace to blame herself. "My response to media questioning has never been that intelligent. I tended to say: up your bum - this is what we are going to do."

More alarmingly she feels that her company is drifting away. "The average age in the company is 29 or 30. I can't get the young to do anything adventurous. They always think of the legal consequences. We are so frightened of being told we are vainglorious or exaggerating."

"But I will not have the company straitjacket me. The minute that happens I'm out of here like a bat out of hell. Ough!" - she gave a strangled cry.

Her main course did not seem to be cheering her up. She had eaten the aubergine, but was picking at the slab of brown rice.

She asked if she could taste mine, and with her bread she started mopping up the tasty juices left on my plate.

I was just beginning to feel sorry for her when she embarked on a rant that risked losing her audience. In just five minutes she jumbled together globalisation, rising poverty, falling job security, technology, the myth of China, Mexico, India, NAFTA, vigilante consumers and the virtues of

asked, that she might be spreading herself a bit thin? Not in the least, she said. Does she, I persisted, prefer anyone from the third world to her own kind?

"I have a real anger about people with money who do nothing. Like the guy who bought half the Body Shop in the early stage. This guy is rolling in it, right? He spends it on his yacht!"

She suggested we share a pudding, and as we alternated spoonfuls of lemon flan she asked me which companies I admired, interrogating me as if I was the closest thing to someone

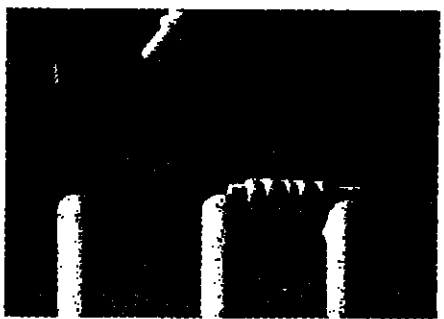
'I will not have the company straitjacket me. The minute that happens I'm out of here'

from the mainstream she had come across for a long time. I started to list all her least favourite multinationals, and also mentioned Marks and Spencer and its chairman Sir Richard Greenbury.

"Who is he?" she asked again. This time she was surely having me on. But her expression suggested she really had never heard of the UK's most successful retailer.

We got up to leave, and I was surprised to see that she is tiny.

We walked a block or two together, she said goodbye warmly, gave me a half hug, and raced off to meet a man to talk about making a special Body Shop CD featuring music from all over the world.



BOWLED OUT



BOWLED OVER

BODILY AND THERMAL CARE	12 July
ROSEHIP GRAPE PEEL, BODY BUTTER	13 July
12000 OZES GOLD CREAM, BODY BUTTER	17-20 July
FRUIT, VITAL CREAM, GOLD CREAM, CREAMS, PADS	20 July
4th COLOUR TINT WITH 1 AUSTRALIAN, NEWCASTLE	24-26 July
CLARIS, GROOMING	29 July-2 August
CRISTAL, HAIR	2-9 August
ESSENCE OF VITAMIN A, FRESH	10-16 August
WAX, BODY BUTTER, THERMAL, BODY BUTTER	17-14 September
LAST SHADE OF THE PINK	15 September

■ Veuve Clicquot ■
CHAMPAGNE OF THE SEASON

PERSPECTIVES

Dispatches

A short trip in bandit country

Guy Dinmore learns at gunpoint about the consumer choices of Albanian gangs

South of a town called Fier, bandit country begins. Villagers protect their settlements with concrete bollards and felled trees. Nothing moves on the deserted, pot-holed roads except farmers with horse-drawn carts and the occasional car bristling with guns.

Nothing, that is, except us - two journalists, an interpreter and a driver - hoping somewhat naively to get to the rebel town of Vlorë and meet the banditking Sultan Zani in the run-up to Albania's chaotic elections.

We didn't get far. From the opposite direction a car with four armed men approaches and blocks our path. "Are you going to see Zani?" snarls a man with a Kalashnikov poking through the window.

Breaking the first rule of the gangsters' code of the road, our driver Bertie steps on the accelerator and we speed off. A screech of tyres and the gunmen give chase.

With the speedometer of our ancient Mercedes climbing to its maximum, we hurtle towards the hoped-for safety of a bridge where Italian troops of the "multinational protection force" often

man a patrol. It is, of course, deserted and we are soon overtaken by our pursuers in their new Escort.

The man with the Kalashnikov orders us out into the road. One of his mates pulls a hood over his head, giving him the air of an executioner, and cocks his gun. Bertie appeals for reason - the car is his livelihood, he has a family to feed and... A single shot skims over his head and Bertie stops in mid-flow.

Taking up the challenge, Dashi, our interpreter, appeals to their dignity as Albanians. The response is another shot, this time gouging a hole in the tarmac at our feet. The dialogue is over and we are left standing under the baking Balkan sun as our Mercedes is driven away, complete with our bags and the satellite phone of a colleague

from the Los Angeles Times.

We walk on past ripening fields of corn, overtaken by a farmer driving his pony. He chuckles his sympathy and cracks the reins in a hurry. Eventually we reach a petrol station in Novosel.

"Ah, those were Kakami's boys," says the pump attendant, marvelling at the foolishness of these foreigners who hoped to cross unguarded the territory of the man nicknamed "the stammerer", a gang leader well known for his links with the rightwing party of President Sali Berisha and for a turf-war with the pro-Socialist Zani.

Only recently, the pump attendant says, Kakami's men conducted their own form of election campaign by kidnapping the pro-Socialist village mayor.

Dousing him with petrol they threatened to torch him unless

his family paid a \$12,000 ransom.

Of course the village has no telephone, the pump attendant says. At this point a bearded Orthodox priest materialises and offers to help. He disappears and

We are left standing under the baking Balkan sun as our Mercedes is driven away

after a while a pick-up pulls up, a second world war vintage machine gun poking from the tailgate. This is the mayor.

We are driven to a compound enclosed by a high wall. Here

men lounge around, polishing the guns and filling bullet clips. Women hang out washing and children play with dogs. A sign says "Vital Import-Export" and features cartoon sketches of a frog, snail, eel and prawn.

"Yes, they poured petrol over me twice," says the mayor. "I don't want to talk about it. It was a misunderstanding. They said 'sorry, we had the wrong information' and let me go after villagers who loved me paid the ransom."

In a bizarre twist he now offers to negotiate through an intermediary with our carjacker, his former abductor. As we wait for the "negotiator" to arrive we watch satellite TV. A sly woman in a bikini advertises a machine for obtaining that perfect ribbed stomach.

Before long another screech of

tyres signals the arrival of the nameless "negotiator". Only later do we learn that he is a policeman with ties to the president's "establishment". Come back in a few days, he tells us.

Now we set off with an armed escort in a van stinking of fish and frogs - Vital exports them to Italy just across the Adriatic. Just up the road we are handed over to a well-dressed businessman and his bodyguards, two fully kitted-out riot policemen. They are fiercely defensive of the president as "an honest man, a man of the law".

"They should have passed a law to hang Fatos Nano," says one policeman with a special regard for the due legal process. He describes the Socialist party leader contemptuously as a "communist thief".

Back in Fier, which is under

the tenuous control of the central government, we find a taxi driver, armed with Kalashnikov, to drive us back to Tirana.

On the way he describes the "misunderstanding" that led to the mayor of Novosel's abduction. The mayor was a supporter of the president but was rumoured to have defected to the Socialists once rebels seized most of southern Albania in March. The mayor assured the president of his lasting loyalty and was released.

After several days - and true to his word - we get a call from the mayor. Bertie is handed a letter which contains only the words "Give it back" and travels to a remote village that once served as a communist labour camp.

Angrily and with obvious reluctance, the bandits hand over the Mercedes, plus - for a payment of \$200 - the satellite phone, which they admit they do not know how to use. The gunmen again pronounce their hatred for the Socialist Zani but deny any links with the president's Kakami.

"We're the Cerkovina gang. Kakami doesn't do cars," says one.

FAKE, by Michael Thompson-Noel: Chapter 4

Robert Mallalieu, a gold market specialist, has been murdered in London. His widow, the beautiful Elizabeth Mallalieu, isn't satisfied with the progress of the police inquiry, so has hired a private investigator.

Mallalieu's clients included Dmitri Zhuruvsky, who may have been laundering money via the London gold market. But gold was not the only link between the two men. Both collected fake artworks.

The investigator, Jane Astor, has been told that the market in fake art is growing swiftly, so Zhuruvsky is her No.1 target.

Astor drives a flamingo-coloured convertible as a salute to post-feminism, while her assistant is a devotee of trance music.

As this odd couple delve deeper, they enter a world where nothing is what it seems...

In financial media parlance, markets can be gripped by hysteria or succumb to inertia. They soar, plummet or shuffle sideways. Occasionally, they are becalmed in the doldrums or rocked to their foundations.

Now, just conceivably, the London gold market may find itself swept by an epidemic of trance dancing.

If this happens, blame me - Jane Astor. I am a 33-year-old, London-based private investigator. I used to work in Miami, for Kroll Associates, but in 1994 I returned to London and set myself up as a one-woman detective agency. Or, rather, one woman plus male assistant of the greasy-haired variety, Paul Willson.

I recruited Paul after running a job ad, and have never regretted it. Paul, who is 20, has computer skills, and is more cunning than he looks. Always an advantage for an investigator: an interest in trance dancing is only one of his eccentricities.

We get on pretty well, partly, I am sure, because my attitude to work is broadly post-industrial - in other words, relaxed. In readiness for the time when the robots arrive and relieve us of the stress of 60-hour weeks, I handle only one case at a time and try not to work more than four days a week. Naturally, the same goes for Paul. We take long holidays - anywhere where it's hot.

At present we are working for Elizabeth Mallalieu, whose husband, Robert, a gold market specialist, was murdered in London's Little Venice on May 9. Mallalieu's throat was cut; his watch stolen.

So far as anyone knows, the police investigation, which is treating Mallalieu's murder as a fatal robbery, has run into a brick wall, which is why I have been hired. The weapon has not been found; nor has the stolen watch. But that does not concern me because my investigation is concentrating on the possibility that Mallalieu's murder may have had a different cause.

When she hired me, Elizabeth Mallalieu said she wanted to feel confident that her husband's death was being investigated from all angles. She is buying peace of mind, or at least attempting to - a common reason for people to hire the services of

private investigators.

The other Friday evening I sent Paul Willson to a drinking haunt in Southwark, under the arches somewhere, that is frequented, on Fridays, by people who work at the gold-dealing firm Robert Mallalieu founded, Brightsun Investments.

I would have gone myself but I was otherwise engaged.

Paul did not return from Southwark until late the next morning, looking fairly wrecked. Despite the difference in our ages, I do not mollycoddle Paul. I treat him strictly as an equal. Yet when he reappeared at my house, after his big night out, I was pleased that he had followed my instructions and kept off alcohol while socialising under the arches.

I had sent him to Southwark to learn what he could about Robert Mallalieu from Mallalieu's former colleagues, and had told him that, although some people drank

As far as I could reconstruct it, the Brightsun group had consisted of four gold dealers, three investment managers, three secretaries and two motorbike messengers. One of the messengers, a rough-sounding individual, had taken a shine to Paul, whose acceptance by the group was confirmed when Paul started telling them about his interest in trance dancing.

□ □ □

Paul has a trance dancing CD called *Shaman's Breath*, by Professor Trance and the Energisers. It irritates the hell out of me, but I suppose it is harmless. Trance dancing, claims Professor Trance, is an ancient shamanic practice that promises spiritual ecstasy. There is no right way to trance dance: the steps just come to you so long as you trust the process, which is said to be relaxing and energising all at the same time.

For some reason, Paul had had this CD in his jacket pocket when he entered the Brightsun bar. About three hours later, the Brightsun group decided they would like nothing better than to listen to *Shaman's Breath* at the home of one of the dealers, who lived in Bermondsey.

From that point on, Paul's account of events became even more vague, though he swears he stayed on Badois throughout the night. He would not say how many Brightsun employees crowded into the house in Bermondsey, or how many wore blindfolds, as recommended by Professor Trance.

In spite of these goings-on, Paul had got the information we wanted. "Mallalieu wasn't much of a womaniser," he told me, describing, elliptically, how one of the Brightsun sub-groups in one of the Bermondsey bedrooms had included Mallalieu's former secretary, a woman called Julia Harrison. To my astonishment, Paul described this woman as a "strawberry blonde" - a unique foray into delineation. I did not like the sound of Harrison, but kept my thoughts to myself.

"Julia says that Mallalieu was a workaholic, not a womaniser," Paul told me scornfully. "Julia says he didn't have time to play around." He mumbled something else.

"Speak up," I said.

"Julia says she'd been Mallalieu's secretary since before he



leu's secretary since before he split with his wife. She says the Mallalieu's separation was caused by Robert's affair with one of the deputy managers, someone called Lucy. But that ended years ago. Lucy got married and left the firm. After that, Mallalieu had affairs sometimes, but very lowkey. Julia says that if Mallalieu was a womaniser then she - Julia - was Queen of Fifi of Fiji, which obviously she isn't," Paul smirked tiredly.

"That's curious," I said.

"Elizabeth Mallalieu definitely

I scrutinised Concannon: grey suit, bad tie, square face, eyes like a badger's

told me Robert played around a lot." I studied Paul. He was yawning, but he was also listening closely.

"We seem, Paul, to have a discrepancy here. Elizabeth Mallalieu says one thing while this strawberry creature Harrison contradicts her. But I doubt it's a problem. The Mallalieu's separated 14 years ago. By the time Robert was murdered he must have been a leopard who'd lost all his spots. It'll happen to us all, or so I shouldn't wonder."

While Paul had been in east London, I had at last met someone from the police: a detective chief superintendent called David Concannon. The previous day I had received a call from New Scotland Yard, saying that Concannon would meet me at The Prince the back of The Bonaparte at 9.30pm. Yet Concannon was an hour late, and did not apologise.

I had assumed he was a member of the London Metropolitan Police: associated in some way with the murder squad investigating Robert Mallalieu's death. But he wasn't. Concannon showed me a folder's worth of ID, and explained that he was a former Metropolitan officer still based in London but now attached to Department Seven of the Paris-based European Union Police Inter-Force Liaison Council (EUIPLC), of which I had never heard.

I scanned his ID again. Then I scrutinised Concannon: forty-something, grey suit, bad tie,

square face - eyes like a badger's caught in headlights. I lit a cigarette and blew a perfect smoke-ring which drifted to the next table where it mesmerised a lumberjacketed youth who had tried to pick me up half an hour earlier.

"So," I said to Concannon, "you're some sort of Euro-cop. What does Department Seven do... whatever it is... get up to? Why are we meeting if you are not part of the Mallalieu police investigation?"

Concannon stared moodily at his hands; then he looked up. "I want to bring you up to speed on Dmitri Zhuruvsky," he said. "I'll keep things simple."

"Oh, thanks," I said, in a tone I perfected when working for Kroll.

Dmitri Zhuruvsky is a Russian lawyer and businessman: the main target of my investigation to date. Zhuruvsky was a friend and client of Mallalieu's. There are two reasons why my investigation has focused on Zhuruvsky:

1) Mallalieu, by all accounts, had chartered Zhuruvsky's \$100m investment in the London gold market, an investment currently showing a loss of \$20m-plus; 2) Mallalieu and Zhuruvsky were involved, somehow, in the market in art fakes. Both were collectors. Moreover, they had sponsored exhibitions of fake artworks in various European cities. Why, I don't know.

Concannon sipped his Coke

prissily. I was drinking voddie.

"Department Seven of the EU police liaison council," he said, in a monotone, "is mainly concerned with big-scale, inward crime. By inward crime we mean significant intrusions into EU territory by outside - non-EU - criminal organisations. OK?"

"Sure."

"Now, Misdirected by early media reports of Mallalieu's death, you have assumed and implied, in your inquiries to date - especially in calls to the Metropolitan Police; to former Kroll colleagues in London and elsewhere; and to western and Russian media personnel in Moscow - that Zhuruvsky is an associate of Moscow criminal elements, and that on their behalf he launders money via London."

I was flabbergasted. To stay calm, I concentrated on the face of Lumberjacket Jnr at the next table, who started to look encouraged. I turned back to Concannon.

"Now," he continued, "in all these assumptions, you are 100 per cent wrong, Miss Astor."

"Jane."

He ignored me. "As a businessman, Zhuruvsky is ingenious, even devious. But he has never been charged by the Moscow police with any act of wrongdoing, nor is any charge pending or envisaged. Clear?"

"Oh, yes."

"My interest in Zhuruvsky is the interest of the EU police liaison council," Concannon continued. "Not only is Zhuruvsky an important Russian businessman; he has also been helpful, on occasion, to us." He was now speaking extremely slowly: tripping over on eggs. Lumberjacket Jnr tried to catch my eye. I ignored him.

"Now," said Concannon, "Zhuruvsky is displeased by the defamatory insinuations you have been expressing. He is not planning legal action but he wants to meet you, to clear things up."

"Excellent," I said. "Ditto myself. I am planning to go to Moscow to waylay Zhuruvsky. Time for a chat, I feel."

"In Moscow," said Concannon, "you would not get within a mile of him. But do not despair, Jane." He gave me a thin smile. "Zhuruvsky will come to you. Not to London, as it happens, but in some days' time he will meet you in Scotland. He is visiting Culloden Moor - yes, the Jacobite battlefield. Do not ask why; it is not my affair. But do not miss out on this. Zhuruvsky says he will fax you the details. Nice to have met you, Jane. Try to keep safe."

With that, he departed.

The Mallalieu case was becoming extraordinarily weird. I breathed deeply, closed my eyes; lit a cigarette; blew another perfect smoke-ring. It drifted sideways, towards Lumberjacket Jnr.

But then, in a violent swirl, it disintegrated and vanished. I was losing control of things.

... TO BE CONTINUED

Chapter Five of FAKE will unfold in next Saturday's Weekend FT

All of the main characters are fictitious

FT Weekend Competitions

Welcome to week four of our eight-week summer series of sporting challenges. Each week, we're offering prizes to the readers sending in the wittiest and most imaginative answers to the questions we set.

Last week, we asked readers to explain the mysteries behind, or the practical uses for, the rugby scrum. There were several worthy suggestions for making better use of the traditional structure, including the settlement of airline disputes, the replacement of the wedding ceremony, and the solving of cryptic crosswords, with clues across and down. As for what is said inside a scrum, a few entrants fell to the fashion for intellectualising sport, one by proposing that the players debate philosophical questions, in particular, "at what point can it be said that push comes to shove". However, the winners are:

● They are musing over why the scrum moves in a clockwise



direction in the northern hemisphere and anti-clockwise in the south. (Leo Casey, Rickmansworth, UK)
● They discuss Isen's play The Doll's House (Sven Brustad, Norwegian Design Council, Oslo)

● A scrum is where seven men can truly enjoy the company of a hooker without fear of arrest (Andy Harrison, Bristol, UK)
● The scrum is a perfect substitute for the US presidential election system: it involves a lot of muscle, some finesse and frequent calls to the dirt (Rachel Day, Miami Beach, US)
● Try not putting the ball in the scrum and see if it makes any difference (Rose Sutherland, Bolton, UK)
● Solve Leicester's transport problems with a scrum: passengers waiting an underground train should split into two teams, depending on which way they want to travel, and the train would set off in the direction demanded by the victorious team. (Dominic Winter, Hong Kong)

Competition four: Motor racing

The British Grand Prix is, in theory, a race. But the modern Formula One vehicle leaves its grid position to form part of an orderly queue of cars. There are pit stops, but they are as fascinating as spending a timely afternoon at a petrol station with a stopwatch. There is the occasional crash, but crashes are better catered for by the uncaring carnage of video "documentaries". So tell us what can be done to encourage overtaking and to turn the

drum procession into a race? The six cleverest solutions to this impossible problem will be rewarded with a bottle of pink champagne and a thick book, courtesy of our Literary Editor, Andrew Motion.

How to enter: Send entries by post to Weekend FT, Summer Competition (Grand Prix), One Southwark Bridge, London SE1 1AF, or by electronic mail to grandprix@ft.com or by fax to (44) 0171-673 4433. Entries must be received by noon, British Summer Time, on Wednesday. Please provide name, address and daytime telephone number.

The ultimate challenge: In week eight, we will set an ultimate challenge based on FAKE, Michael Thompson-Noel's summer mystery story. This final contest will produce two winners, each of whom will receive two business class return tickets for air travel within Europe, courtesy of Lufthansa.

Conditions: The week's competition is open to FT readers aged 18 years and over. Entries must be submitted to one of the above addresses by the specified date. The winning entries, as selected by a Weekend FT panel, will be published in the FT on Saturday July 19. The decision of the judges is final and no correspondence will be entered into. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will remain with The Financial Times.

سكتا من الاجل

BOOKS

Evolution of a life's work

Ian McEwan welcomes a collection of essays by the eloquent ecologist E.O. Wilson

In Robert Wright's book *The Moral Animal*, there is a photograph of a poster advertising a lecture by E.O. Wilson in 1984. Students are urged to bring "noisemakers" to drown out the "prophet of right wing patriarchy" and no doubt they did a righteous job. Throughout the 1970s and 1980s, there was an orthodox and deep resistance to the notion that we have a nature, that it is shaped by evolutionary pressures and that it can be described scientifically; biology shapes our culture and, reciprocally, our culture affects biological evolution by creating the social environment in which genes are tested by natural selection.

The students would have rattled and blown their noisemakers when they heard Wilson say that in all hunter-gatherer societies studied, men have dominance over women. They therefore would not have been able to hear him warn against the naturalistic fallacy in ethics, of arguing that what is, should be. Nor

IN SEARCH OF NATURE
by E.O. Wilson
Penguin £16.99, 214 pages

would they have heard him advise that what may have been advantageous to our Neolithic ancestors could be disastrous for us now, and that "human nature can adapt to more encompassing forms of altruism and social justice".

Broadly, since then, the neo-Darwinists have carried the day. The cultural determinism of the social sciences is yielding to a more complex view of the "co-evolution" of genes and culture. Journalists, as well as dinner party guests, routinely assert that we cannot know what we are without knowing what we were. The penetration of evolutionary thought into numerous fields of study, including linguistics, philosophy, town planning and neuroscience, is one of the most striking intellectual developments of recent times.

Wilson has been by far the most eloquent and consistent of the scientists urging this transformation. The abuse and wilful misrepresentation he has suffered leave no trace of bitterness or triumphalism, and this collection of essays is an excellent introduction to the linked themes of a life's work.

Above all, he is a biologist and ecologist. His passion is for the social insects, particularly the ants, subject of a masterful and definitive treatise he wrote with Bert Hölldobler (*The Ants*, Springer Verlag 2000, 732pp). This vast and fabulously illustrated book is extremely expensive (a fine gift for the loved one who has everything) so it is useful to have the two short essays in *In*



Search of Nature introducing us to "social life as it might evolve on another planet". In evolutionary terms, we parted company from ants 600m years ago. They are the dominant little-sized creatures of the planet and their success is due to the fact that their social organisation gives them great competitive advantages.

Wilson's *tour d'horizon* of these ruthless totalitarian worlds includes accounts of communication by way of complex chemical secretions which biologists have decoded, and of warfare; whereas humans send their young men into battle, ants send their old women. A certain fighter under duress explodes kanikaze fashion, destroying several enemy ants with toxic substances – an excellent trade-off in Darwinian terms. Elsewhere, he describes how elaborate food and liquid sharing proce-

dures bind a colony. Where tens of thousands of ants are closely related sisters, altruism obviously makes sense; self-sacrifice will ensure the continuance of shared genes.

The four essays in the sociobiological section also provide a good summary of the arguments advanced in *On Human Nature* (Penguin, £7.99) a superb book that should be more widely known. Wilson is most emphatically not a biological determinist. The dualism of the old and state nature/culture debate has been irrevocably transformed by his thoughts about the manner in which genes and culture reciprocally shape each other; we and our ancestors have lived in social groups for so long that society must be considered part of the environment that prompts natural selection.

Wilson is happy to concede that social evolution is more

cultural than genetic, but the commencement address of his professorial termite (printed below) wittily demonstrates how parochial it is to insist on the universal and transcendental nature of values that clearly have a biological root. Culture is ultimately a biological product.

Two closely related strands of Wilson's preoccupations have been biological diversity and the environmental ethic, and they form the closing section. Those who have not read his ecological masterpiece, *The Diversity of Life* (Penguin, £8.99) will be able to sample for the first time, in miniature, the passion and command with which he describes the frail beauty and interconnectedness of living systems. The final essay in *In Search of Nature*, chillingly entitled "Is Humanity Suicidal?", describes the

appalling extent of our impact on the biosphere, but it also offers wise and slender hope.

So far about 1.5m species of organism on earth have been described. We simply don't know how many species actually exist, but the number is thought to lie somewhere between 10m and 100m. The organic world around us is still largely unexplored, and if we are successfully to oppose our own destruction of it, we need above all, Wilson argues, to forge an environmental ethic, one that is not limited to the utilitarian potential of wild species, or gets tangled in arguments about their rights, but insists instead that the diversity of life has innate aesthetic and spiritual value.

At the heart of this passionate plea is biophilia, Wilson's hypothesis that we have a powerful emotional

affiliation to other living organisms, derived from the fact that for nearly all of human existence people have lived in hunter-gatherer bands, intimately involved with animals and plants.

The idea has, as yet, no scientific grounding but I am intrigued by it since I find myself occasionally impelled to hike into countryside that resembles the open savannah where our ancestors evolved. The hypothesis has profound cultural implications, since biophilia is said to mediate our responses to nature, landscape, art and myth, and as such it returns us to one of the central and lifelong projects of the most sagacious and lucid of scientists: to deploy biology in the understanding of human nature in order to restrain or divert us from a destructiveness that would be ultimately suicidal.

shaped by our genes and that our ethical precepts simply reflect the peculiarities of termite evolution. They assert that ethical philosophy must take into account the structure of a termite brain and the evolutionary history of the species. Socialisation is genetically channelled and some forms of it all but inevitable. There is such a thing as a biologically based termite nature. This proposal has created a major academic controversy...

E. O. Wilson

And God created termite...

largely escaped the sovereignty of our genes, we now base social organisation mostly or entirely upon culture. Our universities disseminate knowledge from the three great branches of learning: the natural sciences, the social sciences, and the humanities.

Since our ancestors, the macrotermite termites, achieved 10-kilogram weight and larger brains during their rapid evolution

through the later Tertiary period and learned to write with pheromone script, termite scholarship has refined ethical philosophy. It is now possible to express the deontological imperatives of moral behaviour with precision. These imperatives are mostly self-evident and universal. They are the very essence of termite.

They include the love of darkness and of the deep,

saprophytic, basidiomycetic penetration of the soil; the centrality of colony life amidst a richness of war and trade among colonies; the sanctity of the physiological caste system; the evil of personal reproduction by worker castes; the mystery of deep love for reproductive siblings, which turns to hatred the instant they mate; rejection of the evil of personal rights; the infinite aesthetic pleasures of pheromonal song; the aesthetic pleasure of eating from nest mates' anus after the shedding of the skin; the joy of cannibalism and surrender of the body for consumption when sick or injured (it is more blessed to be eaten than to eat); and much more...

Some terministically inclined scientists, particularly the ethologists and sociobiologists, argue that our social organisation is

shaped by our genes and that our ethical precepts simply reflect the peculiarities of termite evolution. They assert that ethical philosophy must take into account the structure of a termite brain and the evolutionary history of the species. Socialisation is genetically channelled and some forms of it all but inevitable. There is such a thing as a biologically based termite nature. This proposal has created a major academic controversy...

E. O. Wilson

Rereadings / Howard Davies

A great and unfashionable novelist

In his lifetime Wyndham Lewis never courted popularity, and a wide audience has eluded him after his death, too. One of Lewis's keenest admirers, Martin Seymour-Smith, described him as "a difficult writer" whose ideas "were not only unacceptable, but were also not easy to follow". What is more, "even more difficult is his creative prose, particularly that of the early stories".

This, you may think, is a discouraging introduction to Tarr, Lewis's first novel, published in 1918. It is hardly calculated to encourage new readers. So let me try a second, more positive

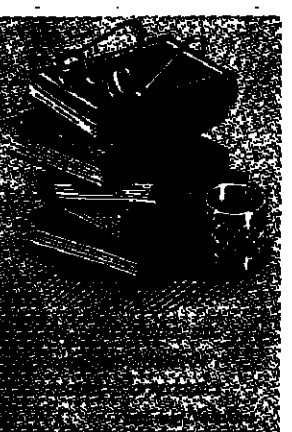
opinion, from Rebecca West. "Tarr," she wrote, "is a beautiful and serious work of art that reminds us of Dostoyevsky... and it contains one figure of vast moral significance which is worthy to stand beside Stavrogin."

Sadly, publishers in London at least, have tended to side with Seymour-Smith. Very little of the Wyndham Lewis oeuvre is now available in the UK. American publishers take a different view. The Black Sparrow Press in San Diego has beautifully reprinted an extensive series of his novels and philosophical writings, some of which even enthusiasts find hard to take.

But, here, Tarr is the only book that can occasionally be found on bookshelves,

tucked in between the massed ranks of Primo Levi and Penelope Lively. Someone at Penguin still believes that Lewis should not be allowed to disappear into obscurity, but it is uphill work.

There is no point in denying that Lewis's angular, muscular prose remains unfashionable. He makes few concessions to taste or accessibility. It is not that his language is obscure; indeed the meaning of each sentence is eminently clear. Nor is it that he cannot tell a story: the narrative form of Tarr is straightforward. Nor is he deficient in characterisation: the principal dramatic personae are three-dimensional and human, all too human



The "difficulty" lies elsewhere. It is more that Lewis constantly takes aim at the reader. You feel, even as you follow him, that you are under attack, that it is some

how a sign of weakness and flabbiness to be reading a novel at all. The authorial voice is stern and unforgiving, even hostile. Do not dare to sympathise with my characters, do not be so feeble as to lose yourself in my story, he seems to say.

So why do I return to Wyndham Lewis again and again? Precisely, I think, because of this aggression, and the insights which accompany it. Tarr is, on the face of it, the story of a poor English artist in Paris before the first world war, his lukewarm on-off affair with the dismal but pneumatic Bertha, and her consequent flirtation with Kreisler, a tortured German painter, trying "to get out of Art book into life again".

But it is also a remarkable parable of Anglo-German attitudes. Kreisler always goes too far, is constantly ready to see death and destruction as the only logical outcome of everyday conflicts. And he has a grand story, "belief in the efficacy of women". They are, for him, "a vast dumping ground of sorrow and affliction – a world dimensional pawn shop, in which you could deposit yourself, temporarily, in exchange for the gold of the human heart and any other gold that happened to be knocking about".

Tarr, by contrast, finds decisive action impossible. He cannot commit himself to Bertha, but nor can he bring himself to leave her. He is

English shyness, that cannot tolerate passion and its nakedness. He has under gone "English training – a system of deadening feeling, a stolid prescription – a humorous stoicism is the Anglo-Saxon philosophy".

Bertha finds it hard to choose. She loves her quirky English Tarr, and marries him, for the sake of respectability. But she has a child by Kreisler. Rereading Tarr, after 20 years, I was smitten again.

Dostoyevsky? Well, perhaps not. But Lewis is, at his best, a great English novelist – even though he himself would have dismissed such categorisation as irrational, sentimental, unsubstantiated nonsense.

Solving the paradoxes of the right

Philip Stephens on a primer for dispossessed Conservatives

Conservatives are in bad shape. Within nine months they have lost elections in the US, Britain and France. Germany's chancellor Helmut Kohl is in trouble, and who cares a fig these days about Newt Gingrich and his Contract with America?

All this is a far cry from the euphoria not so long ago when parties of the right promised to vanquish social democracy as effectively as they had destroyed socialism. Defeat has brought dismay. Britain's Conservatives have chosen a new leader, but they have yet to recalibrate their ideological compass. Bill Clinton's White House may be consumed by scandal, but his opponents on the American right are in no condition to exploit the advantage.

Fashionable opinion has it that none of this matters too much since Tony Blair, Clinton and others on the centre-left have simply absorbed the ideas of their erstwhile opponents. This analysis is oversimplistic, mistaking conservatism for liberal economics.

By and large the centre-left has indeed come to terms with the global market economy (though Lionel Jospin in France less so than most). That is not to say they have embraced conservatism. So Jerry Muller's thoughtful primer on conservative thinkers from David Hume to the present day is timely. If the dispossessed of the right feel the need to go back to basics, they could do worse than start here.

Conservatives have to reconsider who they are and what they stand for. When they have done that they need to borrow a cliché from Blair, to decide how to apply their values to the modern age. It will not be easy.

Conservatives have to reconsider who they are and what they stand for. When they have done that they need to borrow a cliché from Blair, to decide how to apply their values to the modern age. It will not be easy.

This anthology, with Muller's useful introductions to the work of two dozen or so political theorists, reminds us that conservatism has always been the most amorphous of political philosophies. We all know what we mean by the term, but our definitions vary sharply both in time and space.

Thus conservatives have at one point or another defended absolute monarchies and representative democracy, nationalism and internationalism, free trade and high tariffs, and established churches and religious pluralism.

The prism is also distorted by geography. To European eyes, many American conservatives (especially the religious right) appear as authoritarian reactionaries. The nearest parallel in Europe, perhaps, is with radical conservatives of the interwar years, whose yearning for some mythical past led some to support Hitler and other fascist regimes.

And while Americans, including the author of this work, see David Hume as a natural conservative, many Europeans would bracket him a liberal. Muller has a nice explanation for the apparent paradox: American conservatism set out to conserve what in Europe was called liberalism.

Next come the recurring counter-currents between conservatism's commitment to individual liberty and

choice and its instinctive bias towards institutional restraint. Edmund Burke, regarded by many as the father of modern Conservatism, spotted the tension early on in *Reflections on the Revolution in France*. "The restraints of men as well as their liberties," he remarked, "are to be reckoned among their rights."

Conservatism thus emerges as a set of assumptions or predispositions rather than a precise creed – what Samuel Huntington called a "positional ideology".

If all this sounds confusing, Muller does a useful job in pulling out the more constant threads. He starts with the faith in existing institutions: the utilitarian concept that the very existence of the nation state, the family, and religion create a presumption as to their usefulness. This extends to what Burke called prejudice – respect for rules of action which are the product of historical experience and habit.

Add in an emphasis on human imperfection along

side individual liberty, faith in the utility, if not the theology, of established religions, and a recurring polemic of anti-humanitarianism, and Conservatism, if not all of its practitioners, gains a certain definition.

There is less analysis here, though, of less dominant tension between modern conservatism and liberal economics. The two are usually conflated, but more often than not they pull in opposite directions.

The strains are not new: Friedrich Hayek tried to reconcile the conflict by arguing that the market had proved itself the fittest institution to provide for material well-being. The political genius of Margaret Thatcher during the 1980s was to camouflage the contradiction between her declared conservatism and her economic radicalism.

But the triumph of the global marketplace has greatly increased the tension. The nation state, the pre-eminent institution for most conservatives, is undermined by a world in which capital has no respect for national frontiers. The nuclear family is imperilled by the market's refusal to acknowledge long-held social values. Flexible labour markets disrupt the traditional patterns of family life; consumerism displaces the habit of religion.

In their search for political recovery conservatives must confront this conflict. What value does Conservatism ascribe to the competing demands of free markets and familiar institutions? How far should the state mitigate the social impact of unfettered markets? Should we shop on Sundays or should we go to church? There are no easy answers.

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BOOKS

Living and dying by the sword

Insights into the history of Christianity and Islam tensions offer a welcome lesson, finds A.C. Grayling

Ignorance might sometimes be bliss, but it is more often a danger. If a statesman, for example, has to deal with grave international tensions, but does not fully understand the aims and values of the opposing parties, he risks fatal misjudgments. In such a case his first step should be to curl up with a good history book, for history is the geography of time, in which one traces the different routes travelled from past to present by the world's peoples. One learns, as the colloquialism aptly has it, "where they are coming from".

One of the most important questions facing the contemporary world is the conflict between parts of Islam and the west (using these expressions to denote cultures rather than places, and as conveniences which ought

not to mask their internal diversities). It is so vexed a problem that - as always happens with such - it has collapsed into caricature: Islamic fundamentalists threaten "jihad" against the "Great Satan", and the west, in return, sees only murderous fanatics, ready to blow themselves up along with jet loads of innocent victims. Into this mistrustful breach has stepped a distinguished journalist and historian who has written much, and with great eloquence and insight, about the history of Christianity and - his other expertise - the Arab world. In his important new book, Peter Partner

explores the sources of contemporary misperceptions between Islam and the west, by helping us to understand the conceptions of "holy war" in both traditions. Islam was spread by the sword from its earliest days: Christian crusaders - barbarians in comparison to the refined Islamic civilisation they invaded - sought to "recover" the Holy Land by butchery. The social and political antecedents of present dilemmas lie in those events, and Partner seeks to clarify them.

Middle-eastern deities were never pacifists; all wars were once holy in the sense that gods of battle led them.

Yahweh was the "lord of armies", and the late Jewish sects of Maccabees and Zealots resisted their foreign oppressors in his name. The concepts of a "party of God"

**GOD OF BATTLES:
HOLY WARS OF
CHRISTIANITY AND
ISLAM**

by Peter Partner
HarperCollins £25, 364 pages

and of "struggling in His way" were as important to them as, under the respective labels "hizbullah" and "jihad", they were for the followers of Mohammed half a millennium later. But the

doctrine of jihad is chiefly rooted, Partner argues, in the Islamic empire's second century, when the caliphs began preying on the Roman empire's weakened remains in Europe. The most successful of Islam's crusades secured Spain for Allah; elsewhere, right into modern times, its borders leaned against Vienna's gates.

One of Christianity's early footholds was Constantine's vision of the cross in AD312 that led him to place it on his battle banners. But until the 11th century its ethos was, Partner shows, more pacific than military. Matters changed under the influence of the belligerent Pope

Gregory VII, whose idea of the "Christian knight" influenced perceptions of the four centuries' old conflicts along the margins between Christians and Moslems. But the decisive moment occurred on November 27 1095, when Urban II called for a jihad against Islam. Thus began the Crusades proper.

There followed centuries of mighty conflict between the two warlike religions, whose votaries saw battle as "a heroic enterprise of salvation". Even when Christianity resumed a more pacific tone in the Reformation, the conflict continued in other guises. Partner dexterously traces these developments,

concluding with an account of today's thinking in Islam which is required reading for anyone wishing to think more clearly about what Islam, and its fundamentalists, mean for the contemporary world.

His analysis is especially interesting on the coexistence of religious passion and nationalist sentiment, suggesting that - for a salient example - in present-day Palestine Islamic fundamentalism is far from the only danger.

Partner troublingly remarks that because Islamic holy war is now waged by "irregulars" it recognises no constraints.

And, indeed, its utter inhumanity (think of Algeria) is such that his otherwise illuminating account leaves a residue of concern: that only pathology can offer an explanation for such behaviour.

This prompts a question. Partner argues that the idea of holy war is not peculiar to Islam, and that in its later Christian disguises it influenced colonialism and much besides. But whereas Christian sanctioning of violence must always be hypocritical, for its message is indisputably pacific, the stubborn fact about Islam is that its history and theory both honour the argument of the sword. Is it wrong to see this as justifying western unease while tension and misunderstanding persists?

If anything can help to reduce that misunderstanding, however, Partner's book will be part of it.

When ills were cured

James Le Fanu
on western
medicine

Only a fantasist would have predicted in 1945 that within 20 years polio and diphtheria would be all but eradicated, tuberculosis and childhood cancer would be curable, surgeons would be stopping the heart to repair complex congenital abnormalities, and doctors would have drugs to treat psychiatric illness, arthritis, heart disease and much else. But it all happened, and it is only natural to want to know more about the origins of this most sustained epoch of human achievement since the Renaissance - which requires some understanding of the history of medicine.

**WESTERN MEDICINE:
AN ILLUSTRATED
HISTORY**

edited by Irvine
London

Oxford University Press £25,
347 pages

The subject is so vast it is difficult to know where to begin, let alone how to present it in a way that will not discourage the general reader. One solution, exemplified in this illustrated history, is to exploit the visual imagery associated with the subject. Medicine is, after all, about seeing things. Doctors see their patients, Anthony van Leeuwenhoek looked down the microscope and saw animalcules, while modern imaging techniques lay bare the inner workings of the body.

But there is another and even richer type of medical imagery - exemplified by Leonardo da Vinci's famous illustration of the womb opened like a nut to reveal the crumpled foetus within. Its technical clarity and acute observational detail embodies the spirit of the Renaissance, just as Rembrandt's painting, "The Anatomy Lesson of Dr Nicolaes Tulp" with the attentive faces of the members of Amsterdam's surgeons' guild, captures the spirit of the enlightenment.

These images accompany a text which is more academic than popular but has been ingeniously organised in two complementary ways.



"Cosmes & Darnian performing the miracle of the black leg" by Alonso de Sedano (16th century), included in 'Western Medicine: An Illustrated History' (Wellcome Institute, London)

The first half is chronological, seven chapters tracing the evolution of medicine from classical to the postwar world, the second picks out certain themes - such as epidemics, the rise of the modern hospital, medicine and the mind and others - which are examined in depth.

In a notable chapter on the history of childbirth, Irvine London describes how an event that has always been controlled by women was usurped by male obstetricians in the 18th century.

The reasons are complex but an illustration from William Hunter's *Anatomy of the Gravid Uterus* offers a critical clue. Hunter was an anatomist whose detailed drawings of the complications of pregnancy such as placenta praevia made it possible to understand why women might suffer a fatal haemorrhage during childbirth.

Set against the authority of scientifically trained male obstetricians like Hunter, the traditional female mid-

wives were bound to suffer a loss of prestige, but another particularly telling graph depicts how this "scientisation" of obstetrics failed to have any effect on maternal mortality. Indeed, for many it had the reverse effect, exposing women to the dangers of puerperal fever transmitted by the hands of scientific obstetricians who went straight from conducting post mortems to the wards to perform vaginal examinations on women in labour. This is a multi-authored

text and regrettably not all the contributions are of the same high standard, but it is worth purchasing alone for its two chapters on the rise of modern medicine.

The developments of the postwar years already alluded to can all too easily give the impression that medicine is on a continual upward curve of knowledge and achievement. Stephen Lock, former editor of the British Medical Journal, makes it clear that this is not the case, dividing his

chapter into two epochs: that of "triumph" followed by "disillusion".

This notion that medicine may perhaps have fulfilled its destiny and is in decline is highly subversive, but makes sense of many otherwise inexplicable phenomena such as the baffling popularity of alternative medicine and the curious paradox that, at a time when people are healthier and live longer, they also seem to be more worried about their health than ever before.

Turbulent world of a master

Jackie Wullschlager on a
complex look at Chekhov's life

Bernard Shaw once said that reading Chekhov's plays made him want to tear up his own. In homage he wrote *Heartbreak House*, about a bizarre family who inhabit "this silly house, this strangely happy house, this agonising house, this house without foundations". The play was supposed to recall the shifting tones of *The Cherry Orchard* and *The Three Sisters*, but Chekhov's life - turbulent, exhilarated, restless, tenacious in the battle between the tuberculosis that killed him at 44 and the creative spirit that revolutionised world drama - was also something like Shaw's house.

In literary mythology, Chekhov is Russia's doctor-saint-genius, who helped the sick and poor while distilling in his plays the humanity and wisdom behind the medical man's ironic, detached facade. This biography gives us a more complex picture. Rayfield, a Chekhov expert since the 1970s, is the first British biographer to have access to the full editions and letters which were expurgated by the Soviet authorities, and he has uncovered a magnificent amount of new material.

In place of the cool observer, Rayfield gives us a Chekhov embroiled with family, friends and a myriad of lovers all of whom challenged his autonomy as an artist, his space to write, his health, while drawing him into their lives so intensely that they enriched his own imagination. Through a minutiae of farcical detail about elderdown-lined fur coats and invalid-menus of cherry compote and blanch-mange, Rayfield shows day-by-day how the last great plays - *The Seagull*, *Uncle Vanya*, *Three Sisters* and *The Cherry Orchard* - were written in a rush against death, and from within a marriage to actress Olga Knipper which was not, as has been thought, idyllic but a union of two ego-driven artists incapable of compromising their vocations.

Most mesmerisingly, there emerges from these pages the doomed but destructively close Chekhov family in their ineptitude, melancholy and tyranny they seem to epitomise the Russian condition, and they make us see how Chekhov, founder of modern drama, of the theatre of the absurd, of cruel comedy, could have come from nowhere else.

Anton Chekhov was born in Taganrog, a small port on the Sea of Azov in south Russia, in 1860. His father Pavel was a monstrous patriarch and a useless merchant who took his failure out on his family: his five sons were thrashed mercilessly while a daughter, Masha, was treated like a china doll. "Tyranny and lies crippled our childhood so much that it makes me sick and afraid to remember," Chekhov wrote.

As V.S. Pritchett points out in his brilliant short life of Chekhov, this "cynically abandoned child" separated from his family had much in common with Dickens, alone of his siblings put to work in the blacking factory. He was lonely, self-reliant, watchful, ambitious.

The older brothers sank into drink and debauchery, but Anton studied medicine. He observed illness at the

Sakhalin, and he became a respected doctor. "His bent - for diagnosis and forensics - was apt for a writer too," says Rayfield.

The parallels with his development as a writer, his ability to penetrate and depict emotions, were uncanny: 20 years later, watching *Three Sisters*, the public saw their lives enacted: the three sisters stood for all educated women marooned in the provinces... Masha had every unfaithful wife in the audience in tears. So moved was the audience that the curtain fell to total silence. Yet Chekhov the dramatist was neither surgeon nor judge, and thus the tragedy-comedy: Masha's husband, decked in a false beard, acts the clown to stop her confessing; after the duel and the death of Chebulykin, prophet of meaninglessness, sings Taraboom-deady.

Rayfield makes Chekhov at work a heroic figure.

**ANTON CHEKHOV: A
LIFE**

by Donald Rayfield
HarperCollins £25, 674 pages

fighting a public who didn't understand family demands and a frail body. When the first performance of *The Seagull* was booed offstage, Chekhov, "lips blue... face frozen in a grimace", said "The author has flopped", and vanished into the Petersburg night.

The Moscow Arts Theatre reversed public perceptions and though Stanislavsky acted Trigorin "like an impenitent recovering from typhoid", the response to his *Seagull* was ecstatic. From then on, Chekhov and the Moscow Arts Theatre were locked into a relationship of mutual need and desperation: when he gave them *Three Sisters*, Chekhov was "writing his marriage contract to both a theatre and an actress".

Chekhov's two great passionate female roles, Masha and *The Cherry Orchard's* Ranevskaya, were composed for his wife Olga Knipper. But to write them he needed the relative warmth and calm of Yalta; to enact them she had to be in Moscow, rehearsing, drinking, coming home at dawn. They married in 1901, and for five months a year they did not see each other.

The Cherry Orchard (1904), farewell play of a dying man, was inspired by a summer Olga and Chekhov spent at Stanislavsky's country house Lubimovka, standing on a river surrounded by fields and forests north east of Moscow.

By the end, Chekhov was waver-thin, coughing non-stop; a trip to Baden-Baden to restore him was fatal, and he died in his hotel room, where the doctor ordered champagne for him because "Chekhov could hardly walk, noises came from his chest. But he seemed not to notice. He was interested in anything but illness. Why are such precious contents locked up in such a frail vessel?" asked a friend. This enthralling biography gives us a sense of the physical reality of the man and of his inner life, of the lonely process of composition and the vivid bustle of stage and performance. It is a marvellous

Files of fatal memories

A little embarrassment will be unavoidable.

Perhaps Timothy Garton Ash should have put those words on the title page, like the warning of explicit sex or violence at the beginning of a TV programme. Instead, they come at the end of a book which is, indeed, a little embarrassing in places. Garton Ash sets off, with the help of a file kept on him by the East German secret police, in search of his slightly callow youthful self. "What a gift to memory is a Stasi file," he exclaims. "Far better than Proust's madeleine."

In the file, Garton Ash finds photocopied pages of an old notebook, secretly taken from him in 1961, on which he had noted variants of "the dissident's first commandment", the As If principle: "Behave as if you lived in a free country", or "as if the Stasi did not exist".

adopted his own version: "try to live in this free country as if the Stasi were always watching you! Imagine your wife, or your best friend, reading the Stasi record of what you said about them to another friend... or of what you did in Amsterdam last week. Can you live so you would not be embarrassed by it? Not seriously embarrassed, I mean."

For some people these files proved worse than embarrassing. They discovered that they owed long prison terms to close friends, lovers or spouses who had informed on them. Others, exposed as informers, have lost jobs, marriages, friendships; have been pilloried (not always fairly) in the media; have even committed suicide. In one glorious case, which Garton Ash finds

"somehow a perfect image for the end of East Germany", a professor exposed as a collaborator destroyed, in despair, his unique collection of garden gnomes.

In his own file, Garton Ash finds nothing embarrassing at the mature Garton Ash's delight in recounting his own youthful exploits. We learn that the Stasi's code name for him was "Romeo".

Clearly he decided to make the book, subtitled "a personal history", as personal as possible. He admits this may make its form seem self-indulgent, but insists that its purpose is not.

Each reader must judge how far Garton Ash passes his own embarrassment test.

gets away with it thanks to self-deprecating humour and a genuinely sensitive and compassionate approach.

What makes people work for, or collaborate with, a dictatorial regime? It is a

**THE FILE
by Timothy Garton
Ash**

HarperCollins £12.99, 227 pages

humbling question for those who have never faced the dilemmas involved, and Garton Ash answers it humbly. A common factor in the lives of the policemen he studies or interviews is "the absent father: away at the war, killed on active service, or somewhere in a prisoner-of-war camp... the father who was a Nazi or the father who

What should be done to, or about, such people once the dictatorship has fallen? Garton Ash remarks that different countries have tried different solutions, but only "the new Germany" has systematically opened the files to anyone.

Garton Ash worries about the clash between the genuine interest in truth and justice of the regime's former victims and the more prurient "entertainment value" derived by West Germans from the public exposure of villains. "This is Luther in the world of the television talk-show. I'm not sure Luther wins." He also fears the obsession with informers may have distracted attention from the real culprits, the people "in charge of the whole system".

opening the files was right. "It must be right that the Germans, and not just the Germans, should really understand how in the second half of the 20th century there was again built, on German soil, a totalitarian police state... How this state exploited some of the very same mental habits, social disciplines and cultural appeals on which Nazism had drawn, and those same faithful 'secondary virtues' - duty, loyalty, punctuality, cleanliness, hard work... How the German language, that glorious but all too powerful instrument, once again lent itself to disguising evil as good."

Well, let's hope it does help the Germans to understand all that. Meanwhile, English readers can thank Garton Ash for explaining it so elegantly, and forgive any slight embarrassment along the way.

Edward Mortimer

صلى الله عليه وسلم

ARTS

Carnal cruelty and the joy of sex

Lynn MacRitchie is intrigued and disturbed in Whitechapel

Slender spikes of fretted brass knotted with cruel cords, biting into suede and leather, folded and sewn like flayed flesh, giant whips like tumbling entrails, cold glass and rusting metal – those who enter the Whitechapel Gallery this summer should beware. The British sculptor Cathy de Monchaux has filled its lower galleries with her own very disturbing creations, exquisitely crafted mementoes of erotic unease. Things begin quietly enough. The large glass piece propped just inside the door, although warningly titled "Rocking the boat before the storm ahead", 1994, seems harmless at first glance, the eye becoming absorbed in examining the fine detail of the black paper squares cut into dolly-like patterns held between the glass panels. It takes a moment or two to notice the red, tongue-like protruberances which emerge from each top and bottom corner, pinned down beneath the sharp edges of the glass. Turning round, half way up the walls on either side of the door is set "Dangerous Fragility", 1994, a two-part work. The left-hand construction of pierced brass panels, bolts and cords and dark folded leather is closed up tight as a clam. The one which occupies the equivalent space on the wall on the right is pulled cruelly open, revealing folds of pink suede in an alarmingly labial display. And so it continues – the gallery walls creep with mol-

lusc-like objects, now open, now closed, the mystery of their metallic exteriors revealed in folds of pseudo flesh, pulled back on savage spikes. Dusted with white powder, they seem ancient, eternal. More glass panels tempt the gaze with ever more detailed decoration, their corners adorned with sinister black ribbons.

In a particularly delicate example, "Assuaging doubt through others' eyes", 1997, the cut tracery of black paper replaced with plain white paper strips, the gaze is drawn to splashes of colour which on closer examination are revealed as photographs of fruit, flowers and vegetables. Interspersed with these, however, are the dead eyes of fish, staring up from the fishmonger's slab. Peer closely enough at the beauty of nature, the piece seems to say, and you will gaze into the face of death.

De Monchaux has developed her singular vision over the past 10 years, not deviating from a path which began with small objects such as "Erase", 1988, a heavy-metal bolt snuggled in red velvet encased in denim, or the heart-shaped, velvet-lined, metal bound "Once upon a time", 1992.

These early objects, and the smaller ones in the present show, are in the tradition of work on erotic themes by women artists such as Meret Oppenheim, she of the Surrealist fur-covered teacup and saucer which never loses its power to shock, or Louise Bourgeois, with her sculptures of breasts and arms conjuring



The lucky ones: 'Krishna and Radha'; Pahari School, Besholi style c.1730 featured in Krishna: The Divine Lover

soft flesh from cold marble, or the paintings of Dorothea Tanning and Leonora Carrington, of crazed maidens in sex haunted rooms.

There was mystery but no ambiguity about their works, and there is no ambiguity here. De Monchaux is mesmerised by the terrors of the flesh, those secret places where the body reveals itself as vulnerable, penetrable. The obsessive detailing of the pieces – crafted from suede, leather and finely

wrought brass – seduces the viewer into looking ever closer, probing the secrets of these folds of pseudo skin until drawing back with a shudder.

The most recent pieces in the show, "Confessional" and "Never forget the power of tears", both 1997, expand the work into installations. In "Confessional", the glass panels, coated with whitewash, have rearranged themselves into a gazebo-like structure. Two larger ver-

sions of the wall-mounted crustacea have crept inside to masquerade as seats, curves of cold metal upholstered with waves of pink, pleated suede, set on either side of a jagged, rusting screen. Within, all is dysfunctional. The pink seat covers, obvious in the need they imply, repel the reluctant sinner. The glass walls let in light, denying the darkness necessary to whisper confessions. The rusting screen makes

lovers' kisses impossible. This curious chamber is a temple to frustration. "Never forget the power of tears" fills the centre of the gallery, a silent room in which a panel of tormented pseudo-genitals lies in the centre of the floor, flanked by 12 plain panels of lead, like tomb slabs, heavy dark and empty. The anguished flesh cannot be satisfied, it seems, only released in death. In both pieces, the intensity of the smaller works is muted

Alarming: 'Suck Violets' 1996 by Cathy de Monchaux

by the increase in scale, the transition from concentration on to absorption in the object not quite resolved – but the move into a larger scale is intriguing.

Upstairs, in blessed relief, in a touring show of 16th-19th century Indian miniatures organised by the South Bank Centre, Krishna: The Divine Lover, luckiest god of all, frolics with his milkmaids, celebrating physical love-making as the human spirit's longing for

the divine. The needs of the flesh accepted can be transcended in joy: in De Monchaux's cruel tableaux of denial, only frustration awaits.

Cathy de Monchaux, until July 27. Whitechapel Art Gallery, Whitechapel High Street, London E1 7QX. Tel: 0171-522 7888. Showing with Krishna: The Divine Lover, a national touring exhibition from the South Bank Centre.

Records / David Murray

A serious prodigy with Blu-Tac strings

One of the mysterious links between music and maths is that precocious composers, like precocious mathematicians, tend to go far. Not all of them, of course; some die early, and some just fizzle out. Still, more of the revered masters of those arts began as young prodigies than in any other.

Among British composers, George Benjamin and Thomas Adès are arguably the first grade-A prodigies to have turned up since Benjamin Britten – if less extravagantly precocious (than Mozart, Schubert or Mendelssohn. Modern music is more of a mine-field than the tidy, well-defined territory of Austro-German classicism, and it takes longer for a serious gift to achieve recognition amid all the newer "isms". Anyhow, you can judge for yourself: for there are two new CDs devoted to their recent work.

Adès (b. 1971) made a strong, instant impression in the PLG's annual "Young Artists" series five years ago, playing his own *Still Sorrowing* for "prepared" piano (middle strings damped with Blu-Tac, removed as the piece proceeds). It was patently original, perfectly designed, and sounded a personal, expressive note: in short a new, true voice. Everybody wanted to hear more.

Soon his dazzling small-orchestra fantasy *Living Toys* appeared, and in due course the opera *Powder Her Face* – nasty libretto (not his), but a marvelously inventive score. By then pre-*Sorrowing* pieces were circulating, and new ones getting quick premieres. It became clear that games, jokes and tricks are favourite triggers for the Adès imagination, but never substitutes for intricate musicianship.

The Adès CD (EMI Classics 5 86695 2), his first, includes *Still Sorrowing*; his striking if uneven opus 1 – "Eliot Landscapes", for soprano and piano; three other ingeniously refined pieces; and perhaps most

characteristic of all, *Life Story* (1993), a wry post-coital monologue after Tennessee Williams.

For that, EMI really ought to have stretched the budget for the original pair of bass clarinets with double bass, instead of leaving Adès to accompany it at a piano. Never mind: this first conspectus of Adès is greatly worth hearing, as much for pleasure as by way of preparation for his next CD (including *Living Toys* and the quartet *Arcaicisms*, among other music), due this autumn.

Adès looks like being prolific, praise be. George Benjamin (b. 1960) is not, despite his precocious beginnings with *Ritged by the Flat Horizon*, *A Mind of Winter* and *At First Light*.

It became clear that games, jokes and tricks are favourite triggers for the Adès imagination

which have travelled the world swiftly. Too fastidious? too self-critical? or just too busy conducting his own and other composers' works (at which he excels)? At any rate, his pieces – when they do come – are always worthy of their predecessors, and usually break new ground as well.

Benjamin's latest CD (Nimbus NI 5505) runs from his 1979 Octet (too nervously Messianic to bother with now) to three fine, grown-up works. One of them, *Upon Silence*, is played twice: the original version of 1990, for mezzo (Susan Bickley) and five violas, is hauntingly beautiful, and the more practical 1991 version with seven modern strings lets us hear how strong the construction is even when deprived of the viola's ravishing lushness.

There is also *Sudden Time* (1998-93), a remarkable canvas for large orchestra (the LPO) which deploys some unusual sounds – tablas, recorders and a quartet of alto flutes – with Benjamin's always-unerring ear, and his Salzburg Festival commission from two years back, the *Three Inventions* for chamber orchestra (the London Sinfonietta), tingling with calculated drama and rewarding to hear over and over.

The whole programme displays Benjamin's mature breadth, and not only the extreme finesse and grace that first made him noticed. A new Deutsche Grammophon CD (447 761-2) does something different for the 71-year-old Hungarian master György Kurtág. We know him above all as a great original miniature; even his few longer pieces, like the *Memories of Miss R.S. Troussopoulos* that made him famous, are composed of brief, trenchant sections.

But Claudio Abbado and the Berlin Philharmonic have chosen to record two Kurtág works which, though quite short, have a huge and almost shocking impact: his 1989 *Gravestone for Stephan* ("Gravestone for Stephan", a friend), and the 1994 *Stele* (another *in memoriam* for another friend), one of his rare pieces for conventional orchestra. The DG recording transmits them uncannily raw and direct; not quite the Kurtág we have come to know and love, but something other – stark and inconsolable, though as usual without a single extraneous note.

The disk is completed by Stockhausen's seminal *Gruppen* of 1955-57, for three orchestras. One hears that Stockhausen thinks it all too slow; but even in mere (brilliant) stereo, without three separate sound-sources, it lays bare the workings of this extraordinary piece as one has never heard them before. Unmissable, at least for aficionados of that heady period of musical discovery.

Television / Christopher Dunkley

The art of biography

Danube waltz which gave such a paradoxical profundity to this extraordinary work – and you cannot get that from a book. Nor could you achieve quite the impact which comes from seeing Clarke's brother talking about him, or Arthur C. being consulted live on American news by Walter Cronkite on the night that men first walked on the moon.

Also vivid and telling are the film and newsreel extracts used to illustrate the life of Michael Foot in next Saturday's programme. As with some of the previous excellent political portraits made by Michael Cockerell, this one shows its subject seated in black limbo watching monitor screens display-

ing scenes from earlier periods of his life and reacting to them.

Observing himself during the famous occasion at the Cenotaph when he wore a duffel jacket, Foot is, rightly we may think, bluffly dismissive of the fuss that was made about it. (Could it have been the way he wore it casually draped open rather than the design which offended?)

Reviewing these two programmes on the same afternoon, I was prepared to find the Cockerell "authored" documentary more effective than the Clarke profile. Cockerell wrote his own programme, did the interviews, and voiced his own script.

sively recorded by the cameras.

Yet the distinctions are not that dramatic, and many viewers will prefer "The Man Who Saw the Future", not just because politicians bore them while Clarke is, to many, a fascinating individual, but because the pictures which illustrate Clarke's life seem more interesting. Living in Sri Lanka, having gone there for the outstanding sub-aqua opportunities, being involved with movies, computers and science fiction, and participating in intercontinental video-conferencing, is all the sort of activity which lends itself ideally to television biography. In other words, television, as we know so well, loves striking pictures.

But, with or without them, there are qualities to be gained, and aspects of character to be conveyed, in a televised biography of a politician which you will never get from a book.



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The Kirov's corps de ballet in 'Don Quixote': the production has been edited for maximum bravura over the century

Russian cure for Don Quixote

The Kirov Ballet has added fun to an old romp, says Clement Crisp

Cervantes it most certainly ain't. Spanish, hardly more so, save that in that unlikely Iberian fashion known to ballet companies. Tremendous fun it most definitely is. It, of course, is the Kirov Ballet's production of *Don Quixote*, which had its first London showing this week at the start of the company's latest season at the Coliseum.

The most immediate comment I can make about the staging is that I once saw it on three successive nights in Leningrad (as was) and relished each moment of each evening. It is a ballet that Petersburg's artists have performed since 1871, when Petipa mounted it there. It made little enough sense a century ago. Now, as much revised and edited by the ballet-master Gorsky in 1902, it is a romp built round the highest of jinks for a ballerina and her partner, attended by an extremely Hispanic corps de ballet, by gypsies, toreros, street-danc-

ers, naiads, windmills (Cervantes, surfacing for a brief moment) and a pimento-flavoured score from dear old Minkus and a few other obliging hands. It is a ballet which only succeeds if it is done by the very best dancers. One might qualify that further by adding "the very best Russian dancers". Which is, for us, the Kirov. The production has been edited for maximum bravura over the century. It retains, very importantly, many elements of the 1902 design made at the Mariinsky by Konstantin Korovin and Alexander Golovin. The back-cloths are

handsome, ideally conceived for a ballet of this type in fixing atmosphere and location, and demand to be seen. The costuming is rather more mixed and unlikely, ranging from the "possibly Spanish" to the dressing-up box nonsensical. But who cares? The stylisedness with which this *Don Q* is performed by each and every member of the cast - the speed and vivacity of the ensembles; the muscular richness which brings vivid shape to every barmy number - are the key to the evening's unalloyed pleasures.

And, like every good romp, like the best farce, it must be treated with a certain seriousness which, with the Kirov, means technical prowess and elegant style. At the heart of the piece, bowing it along at highest speed, are Kitri and Basil, roles that can bring out the best (and sometimes the very worst) in ballerina and premier danseur. Definitive Russian performances for me have been those of Maya Plisetskaya, a supernova of wit and technical dazzle, and Vasiliev and Maximova, who could do no wrong. These were Bolshoi stars. To hold high the banner

of Kirov style on Tuesday night, who better than Altyun Asylmuratova and Igor Zelenksy. Asylmuratova, staggeringly lovely, raced on to the stage, and proceeded to light up the evening with temperament, a fan, castanets, high kicks, naughtiness, yielding feelings for Basil, wicked glances, and a general impression that she was having a whale of a Spanish time. She was in all things adorable, wonderful, and most adorably and wonderfully so when flirting with her solo in the final grand pas, which she caressed, toyed with, brought off with

a laughing artistry that defeats criticism.

Zelenksy, looking about as Spanish as the Nevsky Prospekt, revealed immense technical resource and, no less exciting, a fine sense of comedy. (His "death" by stabbing himself reduced a little boy sitting near me to shouts of delight: the tot is already a critic.) He plays to Asylmuratova, and she responds, with a tangible sense of common pleasure in what is happening. And this gives a heart to the ballet itself: their joys are our joys.

To them, to the company, all thanks. And to Viktor Fedotov, yet more laurels. He inspired a fast-paced, quick-witted account of the score (which is happily kept in its old-fashioned orchestration) from the Kirov's musicians. He and they are heroes too. A splendid evening.

The Kirov Ballet season continues, with mixed repertory, until August 9 at the Coliseum.

Radio / Martin Hoyle

'Tis the season to be marching

The biggest surprise in a week of paradoxes came from the Bishop of Bath and Wells in Wednesday's *Thought for the Day*. Someone referred to as Bishop Jim might be expected to support the nation's predominantly suburban view of fox-hunting. Instead, he came out with a timely reminder that the countryside is hunting pink in tooth and claw; that townies are as protected from the miry, bloody and slimy facts of birth and death by the supermarket packaging on their lamb chops.

On *Your Farm* interviewed Baroness Mallalieu on the

morning of the Hyde Park rally: a socialist free of knee-jerk reaction, who emphasised the classlessness of the last genuinely ancient and communal country activity. The *Archers*, those country folk hatched in the middle of Britain's second largest city, put off all reference to the question until Wednesday evening, when a perfunctory conversation grudgingly noted even pious Shula among the rally's supporters - though Shula's presence at Gay Pride has been made into a long-running subplot. Perhaps the hunting lobby is too late; perhaps country life has disappeared already. July, with its famous

national holidays, prompts the thought that if ever the British decide on a national day, an occasion worth commemorating would be the expulsion of our last despot and the emergence of a constitution with respect for parliament. Oddly enough, some Britons do observe this; and trigger violence in others. The marching season is with us, as pointed out by the news programmes. As one letter to *P.M.* put it, middle-aged men avoiding triumphalism, leaving the band behind, marching several abreast to make it as quick as possible, walked along the public highway. A screaming mob burnt

vehicles and fired on the security forces. They received an apology. "Have I missed something?" asked the puzzled correspondent. English liberal guilt is wearing as thin as the polite smile of a cocktail party guest cornered by a mind-numbing bore. Not that glib English references to Irish tribalism are any answer (have they ever been to a Millwall match?). We baptised 1688 the Bloodless Revolution only because the fighting was conveniently conducted off English soil. Belfast dogged us as tenaciously as Hong Kong the week before, from *Call Ed Stourton* to Radio 5 Live's

Young Britain theme: in *Hearts and Minds*, Mark Carraway met young people from the divided areas. One couple had contracted a mixed marriage and the Protestant wife insisted on bringing up their baby as a Catholic despite her family's opposition. Such happy *Romeo and Juliet* endings seem rare. Kids who had shared holidays organised by conciliatory bodies discover that the other side is normal, wears stiletto shoes, has the normal human distribution of heads per body; but their surprise at this is depressing. For all the token noises of pacification, the Republicans and Nationalists seem as fixed as the immovable Irish constitution in their determination on a unified Ireland; which suggests an ultimate Protestant Masada one day. And the vigilante justice meted out to their own communities by both sides is a terrifying sign of a continuing need for violence. Radio 3's counterpoint to all this contrary, contradictory Irishness was a series

on that ultimate enigma among Irishmen, Edmund Burke. *The Argonauts* that sailed with the *Argonauts* was a fascinating set of talks by distinguished academics on that elusive politician claimed in the last two centuries by Conservative and revolutionary, Irish patriot and status-affirming Brit, patrician and republican, cold war warrior and ecologist - and disowned by the same groups according to political fashion. Will we ever hear of Burke the European? asked Dr Jonathan Clark quizzically of this "revolutionary whig". Enough already. Isn't John Bull's other island sufficiently complicated? It's usual after such intriguing programmes to wish the great dead were living at this hour. To save further confusion, one can only be glad that this "political Jeeves, a gentleman's gentleman" (Professor Harvey Mansfield of Harvard) is safely tucked away in the pantheon. God knows what side of the road he would be marching on.

Rothschild's lottery legacies

Antony Thorncroft on the impact of the latest cash windfalls

On Monday, Lord Rothschild, chairman of the Heritage Lottery Fund, becomes the nation's parkie once again, distributing another £8m to help repair one of the most loved, and most ignored, of British treasures, the urban parks.

This top-up on the £57m allocated in May means that 77 parks, ranging from Sheffield's Botanical Gardens to Russell Square in London, have received £85m from the lottery to make them ship-shape. Of course, local authorities must do their bit, and contribute another £15m or so over the next decade in partnership funding, but the 8m weekly visitors to city parks should soon see a difference.

This is one use of lottery money that arouses few protests, unlike the Heritage Fund's first grant, in March 1995: the £11m to rescue for the nation Churchill's archive, a cache of paper that the nation thought it already owned.

Since then, Lord Rothschild has guided the Heritage Lottery Fund quietly but firmly into calm, uncontroversial waters. There was some criticism that he was hoarding his lottery money - some £300m a year. There can be few complaints about that now. "For the first 2½ years we had enough money to do anything, but by the end of 1997 we will have committed £450m and our reserves will be very low." Already there are disappointed applicants and, with the fund's revenue likely to shrink by £50m a year when it loses the proceeds from the mid-week draw to health and education, there will be more.

Lord Rothschild fortuitously foreshadowed one of the buzzwords of the new government and adopted a strategic approach to his lottery windfall. This involved making a priority of certain obvious areas that needed support, initially museums, urban parks and, to a lesser extent, churches, and he has been awarding them with cash after carefully conducted beauty contests. To date museums have received more than £300m; urban parks, £70m (by the end of the year); and churches, a bigger nut to crack, £37m to date, in a joint scheme with English Heritage.

Next on the block is local heritage initiatives, which range from preserving hedgerows, to cleaning 600 ponds, to safeguarding village greens and parish halls, to helping English Heritage fund more urban conservation schemes. Still to come are programmes involving a huge investment in education and information technology, which, strangely enough, are also obsessions of the new government. Finally, when the nation's main museums have been refurbished, when every village has been returned to pristine glory, when churches are re-roofed and canals cleared of weeds, the fund will tackle the big one: endowment funding. Lord Rothschild expects to spend up to a quarter of his income in this area. Except that by then he

will have left the scene. Or will he? His six-year stint ends in March, but he has grown so attached to certain projects, in particular his ambitious plans for Somerset House, and his commitment to parks, that he would like to stay on in an advisory role.

Lord Rothschild's great hope is that, in 50 years' time, when the lottery has been hijacked to fund health and education, the Heritage Fund's efforts will be recognised. By the time he quits he will expect to have solved, in part or in whole, some of the big heritage challenges facing the nation - providing the extension which Manchester City Art Gallery has sought for a century; sorting out the National Portrait Gallery; modernising the South Bank - the final solution, with the Heritage Fund sharing the cost with the Arts Fund, should be announced next week - safeguarding the Royal Naval College, Greenwich, which has been rescued from the hands of the estate agents; and prising Somerset House from the grip of the Civil Service.

Taking up another theme

He can even see a case for the Heritage Fund taking over English Heritage

favoured by the new heritage secretary, Chris Smith. Lord Rothschild believes his fund should initiate good ideas rather than just respond to them. For example, he is happy to take on the Big One - Stonehenge. If its owner, English Heritage, can come up with a more modest proposal involving free access, to replace the £44m scheme just turned down by the Millennium Commission, say one costing at around £25m, he is sure the fund could find the money. He can even see a case for the Heritage Fund taking over English Heritage, the kind of tidying up process that might come from a Labour government.

But Lord Rothschild's great preoccupation is Somerset House. He was largely responsible for stitching up the deal under which Arthur Gilbert's unrivalled collection of silver will occupy a gallery in the under-appreciated 18th century building. He is now trumpeting architect Rick Mather's ideas for a vast tented pavilion in the courtyard, which could seat 5,000 people and act as the temporary home for, successively, a homeless Royal Opera House, and a one-day homeless English National Opera. In time, he wants the nation to take over all of Somerset House, and a pedestrian bridge over the Thames linking it with a revitalised, and domed, South Bank arts centre. Lord Rothschild will leave the fund next spring in a strangely unsatisfactory way; with much more in the process of change than changed already. But the transformation has begun.

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How to Spend It

In hot pursuit of the arcane by the banks of the Arno

If you want to look as elegant as the chicest of the locals, follow Lucia van der Post's trail of discovery through the backstreets, where Florence's intriguing ateliers and boutiques are situated

To Florence for Pitti Uomo, one of Europe's biggest menswear shows, where How to Spend It was being honoured with the Classico Italia award for raising the appreciation of Italian design. So a chance not just to catch up with cutting edge Italian menswear, but also to roam around one of Europe's loveliest cities.

One of its charms is that it is relatively small; wandering around you still come across small ateliers where the products - whether picture frames or table cloths, shoes or lanterns - are still made by hand with love and care and where special orders are not a nuisance but a privilege.

What this also means is that shoppers venturing into the arcane arena of Florentine antiques should be aware that with such craftsmanship around, all is not always what it seems - wonderful "Renaissance" pieces are knocked up in workshops daily.

So are "antique" picture frames, 18th century lights and all the other goodies that tourists long to take home.

That said, it is still a terrific place to shop. With the lira at nearly 3,000 to the pound, it is almost bargain basement time in Italy.

The smartest street is Via Tornabuoni where all the grand names cluster but the more interesting little ateliers and boutiques as well as the traditional purveyors of household goods are to be found in the smaller streets such as the Via Porta Rossa, Via della Vigna Nova, the Via Roma and the Via Maggio (this last especially for antiques).

If you want to look as nonchalantly elegant as the chicest of the locals, the shoes to wear for climbing church steeples, tramping round the Uffizi and wandering abroad in the market-places are J.P. Tod's. Soft as butter, more of a slipper than a shoe, with studded undersides they are the perfect travel-cum-driving moccasins.

Now there is a J.P. Tod's in London (at 85 Sloane Street), but it makes better sense to stock up in Italy where they are at least 500 cheaper (roughly £130 as opposed to £175).

Get a head start with the range of four fine leather handbags and holdalls that J.P. Tod's has just launched - in the £360 to £600 range - it's well worth the 25 per cent saving. Already they have been seen on the arms of the Princess of Wales and Catherine Deneuve. J.P. Tod's is at Via Tornabuoni 103.

Less of a fashion victim's favourite, more of a private secret, is Arfango's range of high-quality shoes. Coming out in the autumn will be the Capri. Made from one piece of soft, soft leather, hand-stitched, sublimely comfortable, it is a recreation of the classic, traditional Capri shoe. The range is available in good Florentine shoe shops.



J.P. Tod's new holdall range sported by Catherine Deneuve



J.P. Tod's moccasins worn by Princess Caroline and daughter

Other Italian-based designers' wares, too, are cheaper on the spot, so if Ferragamo or Gucci or Prada are your particular bag, not only will you find the prices slightly easier but you will probably find more choice.

Prada fans might be willing to face the long journey to the outlet which is about 60kms outside Florence and 10kms from Arezzo. For reasons best-known to Prada, there are no visible signposts and it is almost impossible to find. So, proceed in

the direction of Arezzo and make for the station at Monte Varchi.

There you pay a taxi-driver to lead you to the outlet which is as cool and ordered as a Prada store, except that it is in an anonymous shed. Most of the season's best sellers are there - at vastly reduced prices - though not always in the range of sizes you might need.

Shoes were reduced to £50, a silk coat down from £500 to £200, a big range of knitwear and a selection of dresses, fashionable see-through filmy evening wear, all with varying reductions.

Back in Florence, the Via Porta Rossa is filled with small shops worth exploring, but don't miss out on Fulagi, a resolutely old-fashioned household drapery store where you can buy hotel-style white cotton towels, huckaback glass towels, pure linen sheets at £130 for a king-size sheet and two pillowcases.

If like me, you can't find a tablecloth that fits your table or your tastes they'll make one in under a week and post it to you. I've

designed my own - cream linen edged with a wide beige linen border, 8ft 6ins by 4ft 6ins, price £102.

Some of the classiest smells in the world come from Florence. The Farmacia di Santa Maria Novella at Via del Escala 16 is an old favourite and even though there is now a small version in London's Walton Street, it is still worth a visit. Once a church, it is a haven of all things delicious-smelling - from perfumes and essences to soaps, pot pourris and talcum powders.

A new discovery is Lorenzo Villorosi, who describes himself as a "perfume explorer". If that sounds pretentious, believe me, having seen what he's doing, I'd go along with it. His perfume temple-cum-laboratory is on the top floor of a medieval palazzetto in Via del Bardi overlooking the Arno.

Here he mixes and matches his lotions and potions, using something like 1,000 different essences to create new perfumes all the time. Among the essences on sale are the smell of cut-grass, Mediterranean (all sage, rosemary, myrtle, thyme), Uomo (essence of man), tobacco (sounds horrid but actually smells wonderful), wild poppy, afrodisia, orientale and lots more. All these can be bought singly or combined to make a completely personal scent. These can be mixed in just a few days and come with initials bottles encased in beautiful plain tobacco-brown leather.

The potpourris are wonderful - some have pieces of Cyprus wood cut by hand and little green cones release the resin which helps to fix the scent as they open.

Room scents are also unique; heady and strange, they smell of whatever essences the customer chooses. You can put them in little rings around light-bulbs, as candles encased in wonderful plain white alabaster containers or in terracotta lanterns. There is also a full range for the bath - the small soaps make wonderful house presents. In London, Fortnum & Mason sells some of the ready-prepared scents but, in Florence, you can choose from the full range.

Tessilarte weaves some of the finest, softest linens and cottons around. Customers can visit the workshops and see the looms in action at Via Toselli 100 and then buy from the show-room downstairs. The men's pyjamas and dressing-gowns would make a sumptuously luxurious present, as would any of the household linens.

The most surprising discovery of my visit was the information that President Nelson Mandela has a little cache of Brioni suits. As he is photographed more or less exclusively wearing rather bright ethnic shirts, I had no idea he was a secret admirer of this, possibly the most luxurious, ready-made suit

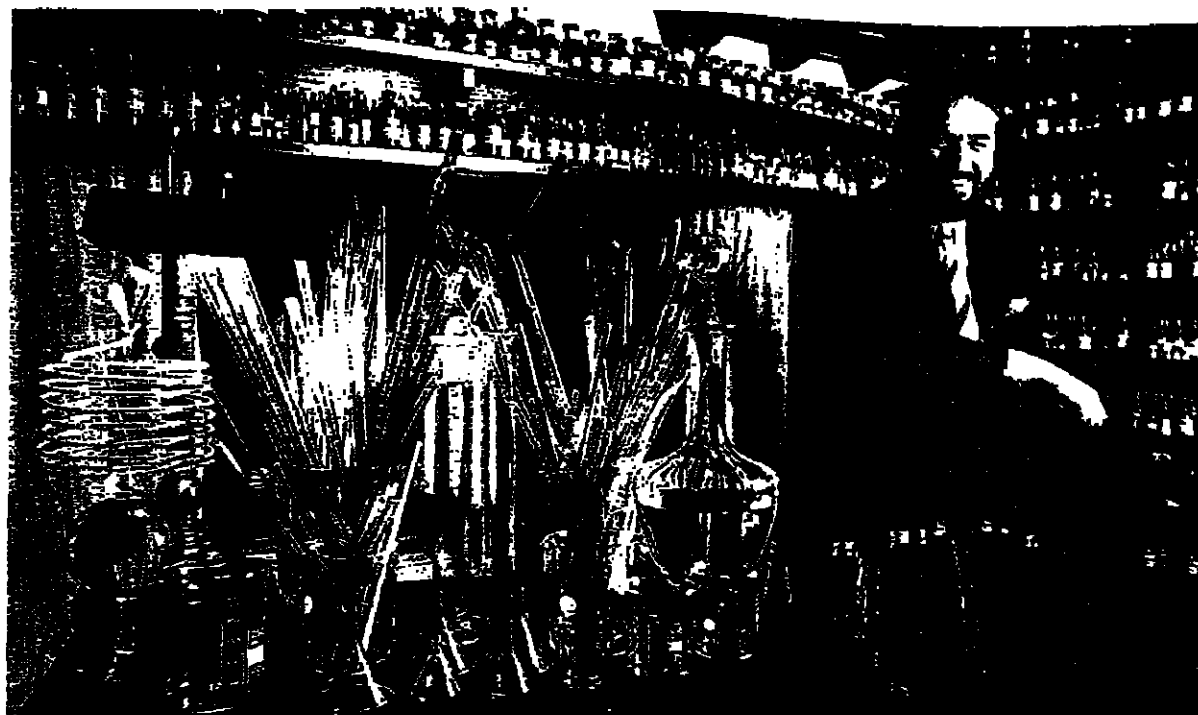
in the world. Brioni, as students of the genre will know, is one of just three companies in the world which provide hand-made ready-made suits (Oxford of America and Kiton are the other two) and has recently become suit provider to James Bond. The Brioni suit, famed for its lightness and classic yet Italian cut, is, it seems, the witness to almost all modern political and historical events as something like seven out of 10 statesmen and presidents wear them, passing on the name like a particularly precious business card.

"The business card of the suit," says Umberto Angelino, chairman of Brioni, "is the buttonhole" and you can always tell a Brioni suit by its buttonhole - hand-made and finished, edged in the finest of stitches, it has a little loop at the end. "When one businessman sits next to another, the Brioni suit wearers recognise each other and do business together."

This club isn't cheap to join - Brioni suits (the ready-made versions) cost anything from £1,400 to £2,000. In Britain, they can be bought from Beale & Luman, 131 New Bond Street, London W1, but in Florence they are marginally cheaper at Brioni, Via Calimala 22.

There is also the full panoply of shirts, ties and other Brioni accessories to choose from. For those looking to spend a great deal less, bottles of truffle oil make splendid small(ish) presents, the home-made pesto in the delicatessens is infinitely preferable to the bottled varieties (and if protected with a thin layer of olive oil will keep for at least 10 days in a fridge); and don't leave without the biggest piece of Parmesan you can afford.

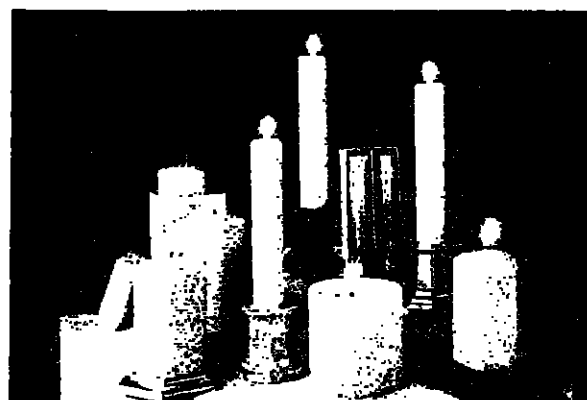
Also, track down the best grappa in the world - the lemon-perfumed Limoncello. I first happened upon it in London town at Mark Birley's Harry's Bar in South Audley Street.



Lorenzo Villorosi in his Florentine eyrie



Personalised scents and lotions from Lorenzo Villorosi

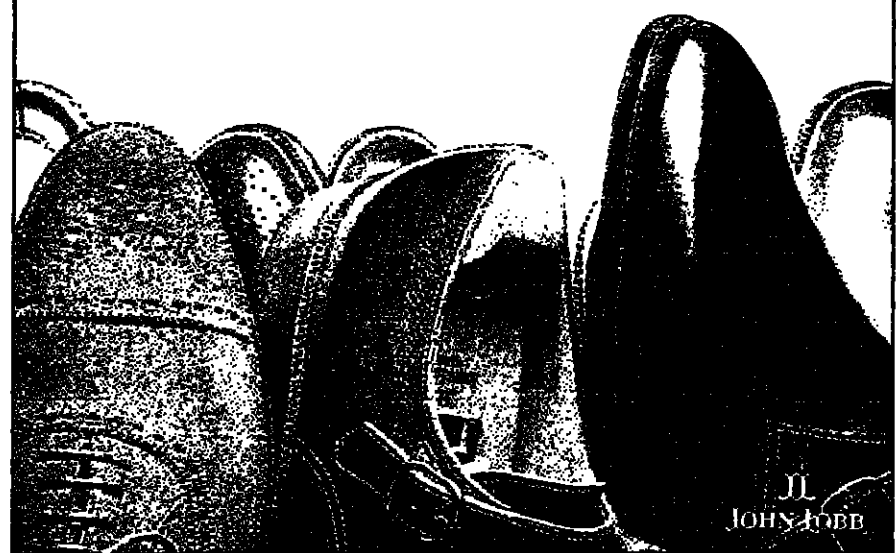


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HOW TO SPEND IT

Fashion / Avril Groom

Galliano genius meets Dior tradition

Just occasionally haute couture realises fantasies of aesthetic and artistic perfection, weaving a waking dream around an audience. John Galliano has the most fertile imagination in fashion and in his autumn collection for Dior he showed what can be done when it is allied to the \$60m might of LVMH and the belief, as he says, "that God is in the details".

Galliano ordered an 18th century pleasure garden to be recreated in Paris' Bois de Boulogne, with topiary peacocks, an art nouveau bridge, an abandoned picnic and a meandering catwalk among the roses and bird-song. He garnered the best embroidery, the finest lace and fur and the loveliest models and captured, sometimes in one outfit, the splendours of imperial India, the elegance of the Belle Epoque and the tailoring of Christian Dior's New Look. For 20 minutes 1,000 people were transported to a richly exotic world.

Dior has long experience of perfume-launch extravaganzas and is now duplicating this on its fashion side in a bid to return the house to its former glory as a byword for Parisian style. This collection was more significant for both Dior and the future of haute couture than Galliano's first in January. One sumptuously beautiful, exquisitely executed collection could be called beginner's luck. Two starts to look like genius.

Galliano has already cocked a giant snook at the Jeremiahs ready to declare the passing of haute couture. Nearly 200 outfits were made from the first collection for clients who include the Princess of Wales, close to the total the house would previously have expected to make in a full year.

Clients prepared to pay \$20,000 for a worthwhile piece of Dior couture - double the often quoted couture starting price - might be surprised at the speed with which the collection is forged. The catwalk versions

are made as painstakingly as the clients' own clothes - 80-120 hours of work for an average jacket and not a sewing machine in sight - but they are made in a 24-hour-a-day burst of creativity in the three weeks before the show.

Five weeks before show day, in the warren of white, north-lit rooms high above the Avenue Montaigne which form the Dior atelier, all is silent activity while orders from the last collection are being completed. One young man can be seen scrutinising and selecting delicate lace fabrics - the only sign of progress on the new collection.

Yet the ideas, both for each dress and the setting of the whole show, are already concepts in Galliano's mind. The collages of paintings by Klimt and Mucha, old photographs of Maharajas' daughters and Ndebele tribeswomen and swatches of glinting fabrics, which together build up the "character" of each outfit, are already pinned on the wall.

Three weeks before the show, fabric is being draped, wound and scissored on dummies by Galliano, his assistant Steven Robinson and the atelier chiefs. Talk is in "workroom French", though when Galliano refers to "hort coot-ewer," one wonders quite how he gets by. There is respect and empathy on both sides. "I ask them to do impossible things. They suggest six different methods and expect me to choose." The workroom staff enjoy his love of the craft; he in turn always says "we" when referring to his Dior work. As the chief of PR at Dior, Bernard Danilou, puts it, "younger designers like the team spirit. There are no more edicts from on high."

Maybe, but Galliano has a clear vision of what he wants at Dior and that is, in his words, to "Gallidiorise" it. Like Karl Lagerfeld at Chanel, he respects the house's history and style but

has no compunction about bending it to his own plan. Christian Dior, was, he admits, one of his idols, as anyone will realise if they have seen the dogtooth check Dior dress currently on display in the Imperial War Museum's 1940s fashion exhibition. Now, he says, "I must not fall into the trap of

believing that I am Mr Dior, for its couture needs a modern identity."

This might raise hollow laughter from those who believe he is too historically influenced. Yet the truth is that couture customers would rather look beautiful than experimental and this involves timeless principles

of proportion and decoration. Over the years Galliano may have suggested shapes extraordinary to the point of unwearability, but they have very rarely been ugly.

Finally, and humbly, he has learnt the designer's greatest lesson - to listen to his customers. "I love talking to older clients

because I learn so much of couture tradition from them and they understand how to interpret from the catwalk," he says. "After all, my designs are only an invitation, which they can alter as they will."

The balance he strikes is crucial. Take away the bias-cut train from a long tweed skirt, add a flesh-coloured slip to the infamous embroidered tulle nude dress, reduce the swags of a Raj-style Diamanté stomacher from eight to two, and you are left with wonderful, wearable, modern couture as sported by members of the audience varying in age from actress Emmanuelle Béart to president's widow Claude Pompidou.

Over the past six months, Galliano has got his feet firmly under the table at Dior. In addition to couture, he has four ready-to-wear collections a year, and has added two extra collections to his John Galliano range, also now LVMH owned. He has, he points out, "a collection deadline every five weeks," and he is fired up and thriving on it.

He has carte blanche to

influence all design at Dior, from accessories to shop style, in a way that the house's recent designers did not attempt. His ideas will be unveiled in the redesigned Paris flagship store, to be opened in late September as a blueprint for global expansion of the marque. He is not afraid to be iconoclastic. As he takes time to relax and talk, two weeks before the show, his own style hints at the rebel within. He wears a double-breasted Dior suit, a plain cashmere V-neck and no shirt. So far, not so unconventional but more riveting is the single, pigeon's egg-size pearl drop earring, glinting against his dark hair.

Back at the Galliano workroom, the hair extensions and leathers go back on, but now he is in Dior mode. He translates this ability to take on different personae to each outfit for the collection, going over every detail of the mythical woman for whom the dress was created. Less than a week before the show, the fittings begin in the studio's inner sanctum. Designer, workroom chief and model must be pre-

pared for anything - a fitting can take from 10 minutes to three hours. American model Carolyn Murphy, preparing to become a Toulouse-Lautrec dancer in a tiny bustled corset dress and a high red wig, says, "I know no other designer who works like this. At the fitting I am shown all the back-

His ideas will be unveiled in the redesigned Paris flagship store, to be opened in September

ground material that inspired the design and John talked me through the role. Before the show we walk it through on the catwalk and we act all the way." At the same time, film-set designer Michael Howells starts work on the garden set and marvels at both the

team spirit and attention to detail. "John has been here every evening, talking to the team. That makes them want to do a brilliant job."

With superlative reviews, what more ambition can Galliano have? Ever the diplomat, he says only that "LVMH is also developing my own range" - but it is known that he hankers after his own couture house. This would only regularise a de facto situation - a proportion of the John Galliano range is already handmade special orders. Development is needed in the lower-priced ready-to-wear and this is being addressed.

If Galliano were to have his own LVMH-backed couture house it would give him unprecedented power. Every designer has his day and LVMH should strike before burn-out does. Some years ago, two top fashion editors had a bet on which designer would be more important by the millennium - Yves St Laurent or Christian Lacroix. With less than three years to go, the signs are that both were wrong.

Illustration: David Downton

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MOTORING

Desire for 4x4s goes into overdrive

Stuart Marshall finds a four-way split in attitudes to the ever-popular on-off the road vehicle

The motor trade prophets of doom got it all wrong when they said of four-wheel drives - sports utilities, on-off road recreational vehicles, lifestyle 4x4s, call them what you will - would decline this year. The figures have had the makers, busily introducing new models (Daihatsu Terios) and revising old ones (Jeep Cherokee and Wrangler), rubbing their hands. The market seems to have split four ways. At the bottom are the proper 4x4s - rough, tough machines like the Land Rover Defender and Daihatsu Fourtrak owned by people who really need four-wheel drive to get round farms and building sites and who tolerate lack

of comfort because they know they will be able to keep moving in the worst conditions.

Next, the vehicles that go just as well on rough terrain as Defender and Fourtrak but are civilised enough to be reasonably practical, if thirsty, alternatives to large family estates - Land Rover Discovery, Mitsubishi Shogun, Isuzu Trooper, Toyota Land Cruiser and Saab 900.

Suburban husbands insist their wives drive them, believing they will be safer doing the school run in two tonnes of 4x4 than in a less massive looking - though just as safe should the worst happen - estate. Other buyers are affluent weekenders

who rate a big 4x4 essential kit for a country cottage.

Third, the smaller on-off road all-wheel drives - typically, the Suzuki Vitara, Toyota RAV4, Honda CR-V (this column, June 3) and Daihatsu Sportrak. In the main, these are bought to improve perceptions of the owner's lifestyle. When floodwater collects under the railway bridge at the end of the road (or the council is late with gritting) their extra traction and higher clearance come in handy.

But it is all like the job-purs worn fetchingly by young mums for school runs and shopping that will never be marked by saddle or stirrup leather. It is the country-cum-equestrian look that counts. Also, the high driving position and butch out-

line of an on-off roader evidently makes many women feel they are less likely to be bullied by aggressive males. The fourth class is the otherwise normal 4x4 road car. The added grip of all-wheel

drive has a calming effect on very powerful cars like the Mitsubishi 3000GT. It has to be said, though, that two-wheel drive with an electronic traction control system works nearly as well

and avoids cost and complication. In Britain, motorists living in remote areas who need a cheap, economical four-wheel drive car to keep mobile in winter are not well catered for. Fiat's Panda 4x4

disappeared; Citroën never imported its AX 4x4. The sole choice today for those of limited means is Subaru's little Justy, a bargain at well under £10,000 on the road.

A new class of on-road 4x4 cars with increased ground clearance is emerging. They drive with family or executive car stability and comfort, but an excursion across fields or down a rough farm track will not cause expensive scraping noises underneath. Subaru's excellent Legacy Outback high clearance estate has a costlier Volvo counterpart. Others are in the pipeline.

Back to the present, Daihatsu's five-door, 1.3-litre Terios (£12,200) and better equipped, air-conditioned Terios-plus (£14,000) are affordable alternatives to conventional hatchbacks. They will also challenge the five-door 2.0-litre, automatic-only Honda CR-V (from £16,850), Toyota RAV4 (from £17,318) and Suzuki Vitara (£16,825). Terios goes on sale on August 1. Its four-wheel drive system is permanently engaged and the centre differential locks if the going becomes really slippery. But, like the CR-V and RAV4 (though not the Vitara) it lacks a high-low range transfer gearbox.

You could call Chrysler Jeep's Cherokee a North American on-off road classic. It has been around for many years. Whereas Land Rover styled the new Range Rover to look more like a high-slung Mercedes S-Class, the latest Cherokee's understated lines have hardly changed despite many genuine improvements. It is not enormously roomy in the back, but the squashed leather seats of the £22,750 Cherokee 4.0 Limited I drove recently took four adults very comfortably and five at not too much of a pinch. If more space is critical, the Grand Cherokee 4.0 starts at £26,350.

More luggage space has been won by using a compact spare tyre. The minor controls and internal ambience are now more European than American. Detailing is excellent. Arrive home after dark, operate the central locking - and the headlights stay on long enough to light your way indoors.

The ride is a touch wriggly, but the automatic transmission is silky and very high gearing makes the Cherokee a relaxed motorway cruiser. It does not feel

at all bulky in town, where it is a nimble and vigorous car substitute. But overall fuel consumption will be in the high teens - say 18-19 mpg.

The new Wrangler Sahara flaunts its visual links with the immortal wartime Jeep. Having spent several days in Nevada and California in one of its predecessors, clambering over rocks the size of telephone boxes, I need no convincing of its go-just-about-anywhere capabilities. But it is not really made for Britain, where it is fine one day, pouring the next.

It would best suit countries where you leave the top up all winter, down all summer, because it is about as easy to raise and lower as a tent. (How spoiled we have become, with even quite cheap convertibles having power-operated tops.) On the road, its tyres crash noisily

Some affluent weekenders rate a big 4x4 as essential kit for a country cottage

into potholes and wind rules out conversation on a motorway.

Despite its new coil suspension, the Wrangler bucks on country lanes like a wayward horse. The front seats are large and comfortable, the rear two less so, and there is little luggage space. The 5-speed transmission is pleasantly light, the 4.0-litre engine so full of low-speed pulling power that fourth or fifth gears at little more than tick-over do for traffic. Use the gears positively, and the Wrangler accelerates fiercely enough to keep sporty hatchbacks at bay.

So who would buy one? Perhaps a classic car buff who used to own a 1920s touring car; the kind of motorist who likes to sit above lesser cars, loves ultra-high gearing and tolerates an uncomfortably old-fashioned ride. But he no longer wants to spend hours with his head under the bonnet, and is fed up with juggernauts outperforming him. He and a Wrangler would get on well together.



Who needs a road? The Daihatsu Terios - looks like a toy but has off-road muscle

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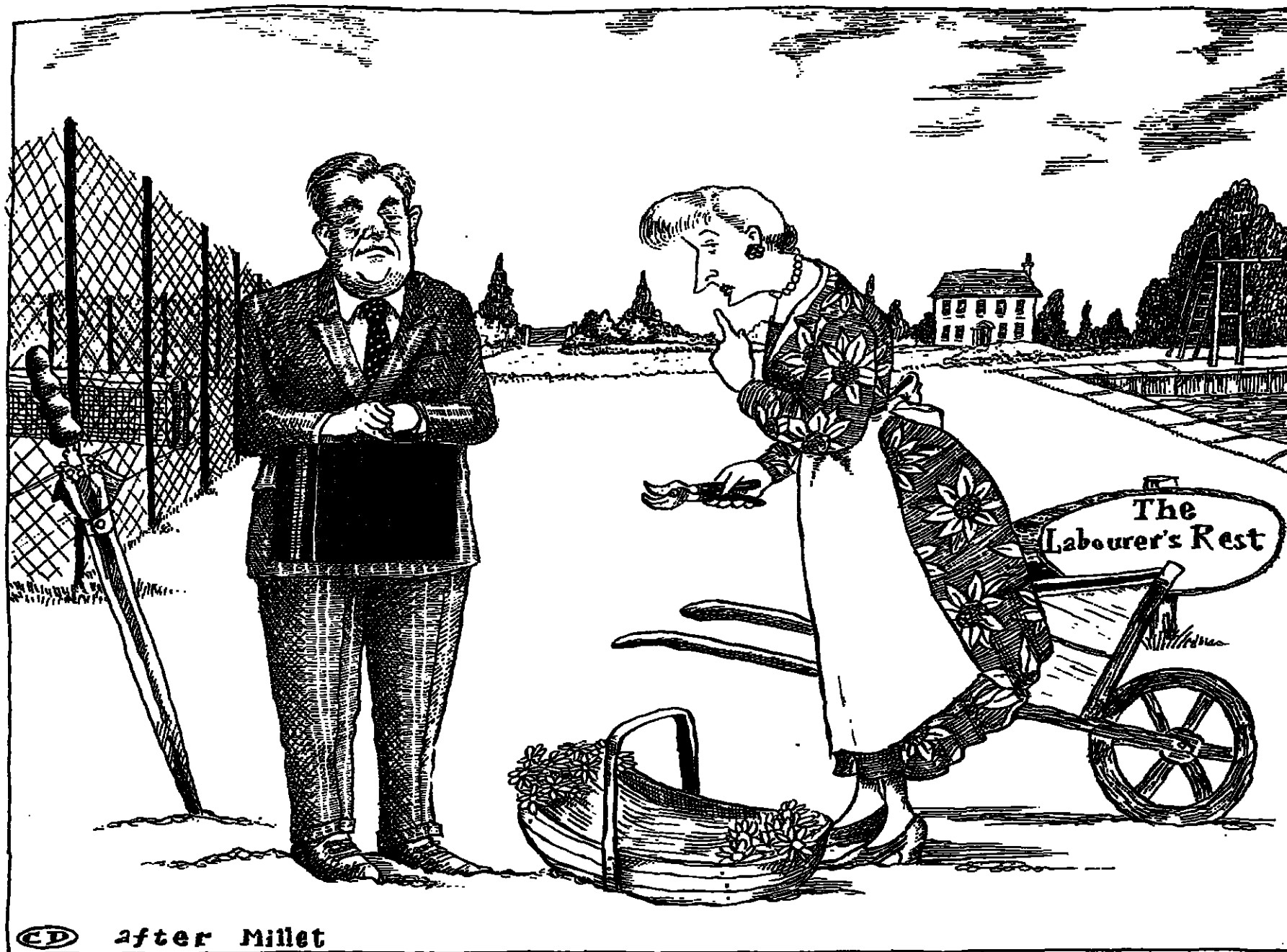


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PROPERTY / GARDENING



after Millet

Tied to the land but not of it

Sally Smith on the excesses practised by those exploiting the relaxed rules about workers' cottages

They stand in isolation, uncomfortable in their hard-edged just-built rawness, in their gardens of bare earth and embryo planting.

Suburban units in rural settings, constructed of pseudo-heritage materials and a world away from country homes which appear to have evolved organically from the soil beneath.

How did such houses, and a host of former agricultural buildings, get planning consent? They gained it through a planning condition known as an agricultural tie.

"The occupation of the dwelling shall be limited to a person solely or mainly employed or last employed, in the locality in agriculture as defined in Section 290 (1) of the Town and Country Planning Act 1971, or in forestry (including a dependent of such a person residing with him), or a widow or widower of such a person."

Introduced just after the second world war, this special condition has allowed houses to be built in some of the loveliest and most isolated parts of rural Britain. Fifty years ago the exception was an acknowledgement that, although the construction of houses in rural areas was to be avoided, there was a need for farmers and foresters and their workers to live where they worked.

But in the intervening years it has allowed some pretty defiant flouting of the regulations.

In the 1980s in particular, when the rush was on to acquire a place in the country and when demand for dwellings - from estates to cottages - was such that it far outstripped supply, large numbers of homes were built using this loophole, not to house the rural labourer but rather city workers resting from their labours.

Talk to any chartered surveyor in any part of the country and he will catalogue the excesses: farmers with attractive period farmhouses, who successfully applied to build additional accommodation and then sold off the original house for a hefty sum; wives of wealthy industrialists who argued that keeping a few chickens or ornamental ducks made them farmers and thus gained consent to build a farmhouse.

Exponents of ostrich farming, rare breeds, herbal remedies and even bonsai culture have attempted to build homes far removed from a worker's cottage.

Today, those houses with their temperature-controlled wine cellars, swimming pools, tennis courts and indoor riding schools are all too evident. And this has prompted the Department of the Environment to issue

new planning guidelines - PPG7.

Designed to prevent development described in the policy as "speculative" and stemming from applicants seeking to exploit "the physical and financial advantages of a new house in the countryside", the aim is to ensure that farmers' houses and those of their workers are justified, suited to the nature

Caravan dwelling is not a concept with appeal to those fleeing Pont Street, SW1

of the farming enterprise and its income - and to bona fide occupancy.

For instance, clause 114 states: "If a new dwelling is essential to support a new farming activity, whether on a newly-created agricultural unit or an established one, it should normally, for the first three years, be provided by a caravan, a wooden structure which can easily be dismantled, or other temporary accommodation" - not a concept with immediate

appeal to those fleeing Pont Street, SW1.

In future, it is also going to be necessary to establish that "the intentions to engage in farming or forestry are genuine, reasonably likely to materialise and capable of being sustained for a reasonable period of time".

"Quite right, too," says Michael Fletcher, planning consultant with Lane Fox, whose beat covers the Cotswolds. "If someone is serious about farming, living in a mobile home for three years won't deter them. And if they can sustain an income from farming for three years, then they should be able to continue to do so."

He also applauds the greater emphasis on the nature of the house which is to be built. PPG7 states that they should be "of a size commensurate with the established functional requirement" and that dwellings should not normally be permitted which are "unusually large in relation to the agricultural needs of the unit, or unusually expensive to construct in relation to the income it can sustain in the long term".

This can cause problems for existing farmers who have a good case, however. One, who bought an 800-acre arable farm with only a cottage to accommodate his worker, expecting that a

holding of such a size would fully justify a new farmhouse, has had a shock. The planners have limited the size of the house, arguing that a study is not needed as farm accounts can be done on the kitchen table.

The new rules will also require planning authorities to become educated in the more arcane points of agrarian finance. "New permanent accommodation will not be justified unless the enterprise is economically viable," explains Joe Hiram of Hamiltons at Gloucester. "This is going to lead to a financial test, and probably an explanation of farming economics."

He also fears that much will be down to interpretation by individual planners, in particular the precise meaning of "locality". That is for the future. Today, there are many houses occupied by people who in no way comply with the conditions.

Some are newly-built, others have been bought in the past, the owners having taken a gamble that they will be overlooked, or their occupation has genuinely and unavoidably changed. In the ory, they can be forced to leave their homes but rarely have the planners exercised this option.

There are now signs of change, partly because of a

"certificate of lawfulness of existing use or development". This is a device which automatically gives planning consent for an occupancy or activity if it has continued over 10 years without challenge.

In other words, even if the wrong people have occupied a tied house continuously for the set period without challenge, the tie will be lifted automatically.

Thus local authorities are making efforts to ensure that this does not happen by asking for a statement from occupiers that they comply with the conditions.

If the authorities find out to the contrary, they can hardly let matters rest, especially as the guidelines suggest that the operation of occupancy conditions should be monitored and enforcement action taken where appropriate.

And it is no use hoping to sell quickly - for purchasers must comply with the same occupancy conditions, thus severely limiting the number of potential buyers.

No wonder that there is an entire industry involved in getting these ties removed, not least because, at a stroke, the property will double in value.

Anyone thinking of buying such a house - or currently living in one - should be fully aware of all this and take some expert advice.

Roses

Heaven in the Lyon backstreets

Kevin Pilley visits the first stop on any rose lover's holiday

Madame Odile Masquellier is obsessed with the size of her hips. She cannot stop talking about them.

The bigger her hips, the happier she is. Masquellier owns and lovingly tends La Bonne Maison, her garden in the backstreets of Lyon.

Europe has some of the finest rose gardens in the world. In Italy, there is Rome's Municipal Rose Garden, a natural amphitheatre on the slopes of the Aventine Hill. The Netherlands has Westbroekpark in The Hague, Spain boasts the Parque del Oeste in Madrid. Ireland has St Anne's Park in Dublin, Germany the Westfalenpark in Dortmund and Denmark the Valbyparken in Copenhagen.

Britain's main collections are at Queen Mary's Garden in Regent's Park, London, and the Royal National Rose Society's Gardens of the Rose at Chiswell Green near St Albans, Hertfordshire.

In the US, the most famous rose gardens are at the home of American chocolate, Hershey, Pennsylvania and the Park of Roses in Columbus, Ohio.

France has three well-known rose collections: La Roseraie de l'Hay les Roses and the Bagatelle (both in Paris), and the Parc de la Tête d'Or in Lyons. Lyons, which has Europe's largest protected Renaissance quarter after Venice, should be the first stop on any rose lover's holiday.

The first hybrid tea rose, La France, was bred there in 1867 by Jean-Baptiste Guillot, and in 1900 Joseph Pernet-Ducher (the Wizard of Lyons) brought yellow to bedding roses when he created Soleil d'Or from a red hybrid perpetual and the Persian Yellow. A seedling - 3-85-40 - raised by François Meilland was flown out on the last American aircraft to leave as France fell in 1940. Once nurtured, it was placed on the tables of the subsequent peace conference and came to be known as Peace.

The Parc de la Tête d'Or - a golden head of Christ is said to be buried in the grounds - is France's largest urban park and admission is free. Children can enjoy the huge boating and fishing lake, the train and zoo.

The 288-acre park contains 100,000 roses, including a collection of miniature roses. It is also a trial ground for new roses. Everything is there - pillar and pergola roses, ground cover, miniatures, floribundas, standards, half-standards, centifolias, rugosas, climbers, ramblers, muskas, noisette China roses, the ancient Rosa alba (the white rose of York) and Rosa gallica (which was increasingly propagated and became popular during the Crusades), 16th century damasks (from Damascus) and

bourbons (China fused with damask). At this time of year, you cannot move for blousy blooms.

Every petal is represented - reflexed, ruffled, frilled, open-cupped, rosette, split and pom-pom. The gardens contain roses unknown to many gardeners and not generally available from stockists, such as Vulcan, Belle de Londres, Heidesommer and Doice Vita. And no black spot or rust in sight.

Masquellier is the font of rose knowledge and a tour of her garden is like being in heaven. She gives regular conducted tours. Now a world authority on roses, she started gardening in 1966. Her collection of 630 varieties comes from as far afield as California, India and Australia. She is particularly fond of old roses.

If you have problems with thrips, hilling, lackey moth, cockchafer, honey fungus or leaf-rolling sawfly, she is happy to be consulted. She talks while you dead-head.

Masquellier, a world authority, is happy to be consulted. She talks while you dead-head

An introductory lesson from Masquellier is recommended. Then you will know how Empress Josephine helped popularise roses when, in 1799, she created a display garden at Malmaison, her chateau near Paris; following her divorce in 1809 her interest in roses intensified and the blooms became fashionable for the wealthy to grow on their estates. That the first hybrid perpetual, Rose du Roi, appeared in 1816.

That the first elegant upright pink, Ophelia, dates from 1912; the first hybrid polyantha, later called floribundas, Elise Poulsen, was created by the Dane, Svend Poulsen, in 1924.

You will also hear her talk of great and famous rose growers, such as the German Kordes family and Britain's Alec Cocker and Harry Wheatcroft, with the same reverence as if they were vineyard owners.

■ *La Bonne Maison*, 99 Chemin de Fontanière, 69350 La Mulatière, Lyons. Tel 00-33-478 373 837.

■ *July 19-20: National North-ern Rose Show*, Ormsby Hall, Middleburgh.

■ *July 20: Rose Day at Windsor Great Park*.

■ *July 27: Rose Day at Castle Howard, York*.

■ *August 3: Rose Day at Newby Hall, Ripon*.

of mine because of their long-flowering season in window boxes and containers. Derek Lloyd Dean of 8 Lynwood Close, South Harrow, Middlesex HA3 9PR, supplies by mail order only and has a range of these small-flowered varieties - the most fascinating I have seen.

Take note for next year's bedding as plants can be ordered for 1997-98 at £2 each. His neighbour, J Bradshaw of Herne Bay, Kent, turns out to be the national holder of honeysuckles and the stager of an extremely interesting range of named forms of the more standard types of honeysuckle which we all grow.

I had vowed on a no-shop policy, reinforced by the inevitable entry fee to what could be regarded as mainly a trade fair. I weakened, however, before the specialist salvia and would have weakened several times over before the remarkable range of Box which is offered by Langley Nursery, Rake, Liss, Hants.

I am reflecting with pleasure on my main purchase, a red Salvia of the most vivid shade. Salvia blepharophylla is said by its nursery to be hardy at -10°C. I have my doubts, but meanwhile I cannot resist this old friend, so much prettier than the beastly scarlet bedders in our city centres. It grows 18 inches high and supposedly flowers from July to November when I expect the frost will kill it nonetheless. Somehow a vivid red salvia seems the right trophy from a day among the gadgets around the Hampton Court marquees.

Hampton Court Show

Trophies from among the gadgets

Robin Lane Fox offers tips to anyone with the stamina to visit the event this weekend

Hampton Court Flower Show is still open to visitors today, and tomorrow until 5pm. You can buy almost anything: a new strimmer for a mere £249, a metal armillary sphere with which to calculate the heavens for only £750 or a thatched mini-cottage for the children at £2,200, without fireplace. Start them young and you may risk them growing up to want a Daily Mail Dream Cottage which is a visual nightmare.

Hampton Court stands for glorified shopping if you can pick your way through the demonstration barbecues and cultivars of doughnut. Sometimes I dislike it in its new form, pinning for the early 1990s when alpines in pots still cost £1 and nobody had the nerve to try to sell a standard border-plant like Helenium Moerheim Beauty for £5.50, or seedlings of the easy biennial Salvia turkestanica at £3.50. The days of value shopping have gone; there are certainly no bargains, but some exhibitors have brought plants which you would not find at your nearest nursery.

Sometimes, even now, I do enjoy it. The best of the outdoor gardens along the waterfront is being shown by Leyhill Open Prison, reassuring those of you already who regard their garden as a life sentence.

I could imagine owning something like it. Tomatoes climbed up the pergolas and parsley had spread underneath. Gourds, nasturtiums and ornamental types of vegetable

filled out a thoroughly admirable presentation. The theme-title added to the experience: "The Good Life: two in a bed". A male boulder in a panama hat rounded off my pleasure by remarking that three would be even better, although HM's cell arrangements probably prevented them from realising it. He was on day release from the private clients department and was visiting unaccompanied.

May I recommend marquees five and eight to anyone with the stamina to visit this weekend? Marquee five has two outstanding arrangements of perennial border flowers which show once again the artistic heights now mastered by our best exhibitors.

Rushfields of Ledbury have graded colours with their usual sensitivity and are showing a range of plants round which I would willingly build a new border. Their brightly-coloured Monardas would probably be short-lived, but it is good to see old friends like Cambridge Scarlet in top form and to be reminded that this family is an excellent filler for borders which move slowly in early years. Rushfields' most sought-after plant has been Penstemon



In Leyhill Open Prison's garden, vegetables make a bid for freedom

Photographic Pegasus White

Digitalis - as the experts have now named one of nature's little puzzles. This plant looks like both a penstemon and a foxglove and grows nearly 3' high, to judge by the exhibits. Its leaves are flushed with red-purple and the small flowers are an enchanting combination of lilac and pink-white. I have put it on

my shopping list for a less frenetic occasion. In the same marquee, Hardy's Cottage Plants are following up their Chelsea-style with a splendid cottage garden, divided into groups called past and present. Past includes old friends like the pretty pot marigold, Calendula Apricot, which we

could all grow more often from seed. Present includes some signs of the future, including an unusually deep pink form of Gaura lindheimeri which has a rich colour and great prospect, though it is not entirely hardy. Marquees 1 and 2 include particularly fine exhibits from Mallet Court Nursery, that

essential source of unusual trees. Their range of hollies always tests my knowledge and this year I was particularly struck by the fresh green Ilex corallina from China which has hardly any spikes. Variegated oaks and an exceptionally good Japanese maple called Acer palmatum Filigree rounded off an unusually interesting selection.

Further on, Brian Hiley continues to enlarge our ideas of good, half-hardy plants for potting and bedding. This year's star turn is his dark maroon-red Pelargonium Schottii from South Africa, never previously shown and not easy to grow but irresistibly beautiful in its combination of flower and grey-green leaf.

Marquee eight is something of a haven after the vulgar pottery and glazed ware which is being sold outside it. As usual, the tent is given over to National Collections of particular families. The middle of the tent is taken up this year with some expanses of water garden which I found pretty dull. The edges have one or two exhibits from particular families which repay close attention. There is an extremely welcome exhibit of Angel pelargoniums, a great favourite

صلى الله عليه وسلم

PROPERTY

Heaven in
the Lyon
backstreets

On a hill, dominating the valley slopes, stands Aynho Park, a classic 18th century country house in south Northamptonshire. It is one of nine grand houses owned by the Country Houses Association that provides retirement housing with a difference. The houses have been divided into flats, but the gardens and the main rooms are communal, and three meals a day are provided - and included in the service charge.

At Aynho, a suite of superb state rooms occupies the south front, from the orangery (now the dining room) at one end to the library at the other, where the residents have coffee.

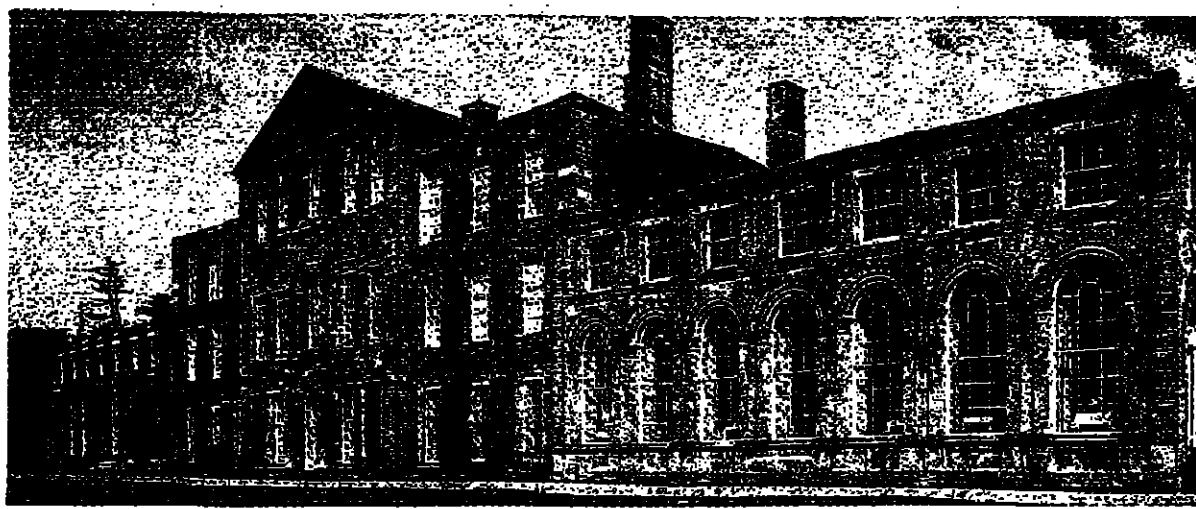
It is easy to imagine the good life in this powerhouse of 18th century politics, when the Cartwrights lived here as the leading family - and usually the local MPs - of the area.

The CHA bought Aynho in 1960, after the last Cartwright owner and his son died in a car crash. Originally the Mutual Households Association, the CHA started in 1955 when Rear-Admiral Bernard Wilberforce Greathed had the idea of an association that could save country houses at risk and at the same time provide accommodation, with management, services and meals, for retired people from the services and professions.

After the second world war, country houses looked a doomed way of living and a part of British social history that could never recover. Facing crippling death duties and 98 per cent income tax, many owners could not afford to keep them.

In 1956, the CHA (MHA) acquired its first property, Danny, a grand Tudor house under the South Downs at Hursley in West Sussex, that Lord George had used as a safe place for cabinet meetings in the first world war.

To pay for the properties and refurbish them, Greathed proposed that residents should make an interest-free loan to the CHA of a fixed sum, from which the CHA would deduct a 3 per cent annual depreciation charge and the costs of redecorating the apartment at



Aynho Park in Northamptonshire: divided into flats, but with communal gardens and main rooms

Such a classy route to retirement

Gerald Cadogan looks at twilight in grand surroundings

the end of the occupancy, before repaying the remainder. This system still operates.

The size and position of the flat, and the location of the house govern the size of the loan - Surrey costs more than Northamptonshire, for example.

At Aynho, loans range from about £25,000 on the north side of the house to £85,000 for an upstairs flat on the south front. They are not burdensome sums for incomers who may have sold their last house for £500,000.

As in retirement schemes, such as those of Beechcroft and English Courtyard Association, residents bring their own furniture for the flats - and, in some houses, their own table for the dining room. Services include hot water and heating, cleaning, meals, resident administrators - couples - and gardening. Many residents also have a patch of their own and help in the general gardening.

There is no council tax or rent. The monthly charge for services, food and electricity starts at £400 and can go up to £1,300 for a flat with several bedrooms and two bathrooms.



Danny, the first property acquired by the association

The houses also provide guest rooms at £10 a night - popular with families coming to visit grandparents - and are now offering short breaks of between two and 14 nights with bed and breakfast, at £35 a night single, or £55 double. Other meals are extra. It is a good way of using flats that happen to be vacant, says CHA chief executive Alan Bennett.

The CHA has 250 flats in its nine houses with room for up to 350 residents, including guests. "At present, we are 80 to 85 per cent full," says Bennett, "but I should like to run at 95 per cent."

He said the houses were not hotels. Nor, he added, were they running geriatric homes. It is a condition of

occupancy that residents leave when they are permanently unable to reach meals.

The oldest resident is 98. There is no minimum entry age. Two-thirds of the residents come through personal recommendation and are now mostly professional people with, says Bennett, a fair number of ex-diplomats, ex-military people, and former expatriates.

Anyone wishing to take a flat in one of the nine houses must first join the CHA (which is a supporters club as well as being the charity running the scheme), and then visit a house and meet the administrators.

After that hurdle, they will come to stay as guests for a couple of nights, at which time the residents

meet them and ask them in for drinks. Then they can apply.

Some houses have vacancies, some waiting lists. It takes between six and 18 months between making the decision and actually moving in, Bennett finds.

The CHA is seeing a surge in new lettings at present, largely because it is easy to sell property, although it had a sticky patch a few years ago.

Bennett thinks the CHA could soon be ready to take a 10th house. Customarily, the CHA only takes a house and surrounding gardens, but not the park or farmland. "We are not big landowners," says Bennett. "We just want the gardens round the house."

The houses (in Berkshire, Devon, Essex, Kent, Northamptonshire, Surrey, Sussex and Wiltshire) are all of architectural interest - and open to the public, when residents guide the visitors. Maintaining the houses and grounds is a principal obligation for the CHA. At Aynho the goal now is to restore the temple in the garden, and the ice house.

Country Houses Association, Aynho (01859-512800).

On the Move London proves its capital value

Gerald Cadogan tells of some staggering returns

Total net returns from investing in central London property in the year ending in March 1997 were, on average, 25.9 per cent, new figures from Savills suggest.

This easily beats farmland, which saw a 19.3 per cent return in 1996, and equities at 14.9 per cent. It is a staggering result, reflecting the sharp rise in capital values and the obtainable higher rents.

In rental values the sharpest rises have been in Kensington - 17.4 per cent in the year to March 1997 - with house rents rising more than flat rents. Chelsea and Knightsbridge did not do so well, with a typical 9 per cent rental increase in the year till March 1997.

Princely pile

At Burnham in Buckinghamshire, Nashdom is an unusual country house designed in 1908 by Sir Edwin Lutyens for a Russian prince and his wife, a Lancashire cotton heiress.

as a small palace for pleasure and entertaining. But they both died after a few years, and in 1928 Nashdom - "our home" in Russian - passed to an order of Benedictine monks who were there until 1988. Now listed Grade II*, it has been converted into apartments as a joint venture by Fairbairn and MacLeod.

Nashdom shows Lutyens in Georgian mood, with a counterpoint of white brick and green shutters and a warm tiled roof. He has tucked the house into the slope of the hill, and pulled its two levels together by building it around an interior courtyard garden.

Lutyens must have enjoyed planning this Edwardian frivolity which, in its formality, is a sophisticated counterpoint to the house's 17-acre "wild" garden of beeches and rhododendrons.

Five flats are still for sale in the house, at prices from £185,000 to £280,000, and others are on offer in the new east wing, at prices from £225,000 to £450,000. It is a sympathetic and smart conversion. The agent is Savills (01838-653435).

Early Lutyens

In Camberley in Surrey, Lutyens designed Nashdom 10 years before Nashdom. It is in his early arts and crafts, large-cottage mood, emphasising irregular shapes and odd corners - and keeps many of the original features. Carson (01253-848416) asks for offers over £325,000.

Romantic ruin

Even more romantic is the ruined 13th century Castle Tioram on Loch Moidart in Inverness-shire. The ancient seat of the Macdonalds of Clanranald, it saw constant conflict until the clan chief died at the battle of Sheriffmuir in 1715 supporting the Old Pretender, when it was decided to destroy the castle rather than let it pass to the Hanoverians. Tioram, pronounced "Cheerum", is on an island in the sea loch and accessible only at low tide. Brodies (0131-238 4111) asks for offers over £100,000.



The ruined 13th century Castle Tioram on Loch Moidart

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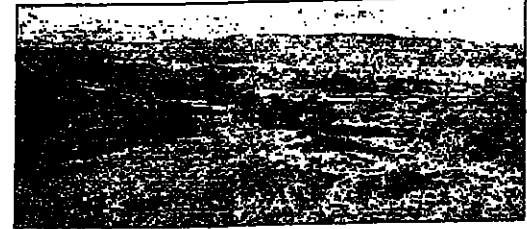
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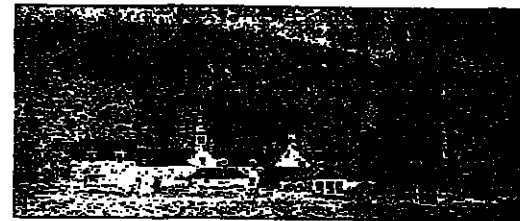


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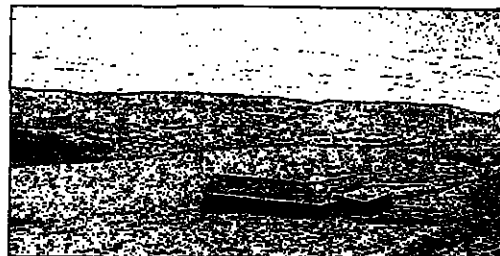
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TRAVEL

The busy bees and koalas of Kangaroo Island

In the first article of a four-page focus on Australia and its islands, Nick Haslam visits an area where more than half the people in the local phone book are direct descendants of mid-19th century settlers who survived disease and near starvation to clear land and set up farms

The first crewman to sight this coast in 1802 caused hilarity among his mates when he shouted tremulously: "The rocks are moving." But it was not a bad case of cabin fever. On landing, the sailors found the shoreline thronged with large curious kangaroos which, never having seen a man before, hopped over for a closer look.

Starved of fresh meat after three months at sea, the men needed no second bidding. The slaughter was terrible. The ship's captain, explorer Matthew Flinders, gave prayers of thanks and named the place Kangaroo Island.

Only 12km from the shore of South Australia, the island, third-largest in Australia, still has a rugged atmosphere very different to that of the mainland.

The Buicks, Turners and Wilkins who seem to occupy more than half the island's phone book are fifth or sixth generation island dwellers, direct descendants of the determined settlers who survived disease and near starvation in the mid-19th century to clear land and set up farms.

My first day on Kangaroo Island dawned grey and cold. I joined a group of tourists for a nature safari led by guides, Brian and Ken, who in spite of having spent between them more than 30 years on the island were still considered newcomers.

"You have to be here for three generations to become a local," said Ken. We drove along wide unmade roads over the rolling land and soon came across another recent interloper.

Wedge-tailed shearwaters, eucalyptus gum trees, high above us, a koala drowsed away the morning. A descendant of one of the 18 animals introduced in 1918, when mainland populations were dwindling, there are now an estimated 5,000 koalas living on Kangaroo Island.

"Ecologists say that we can support a maximum of 3,000," said Ken, "and overgrazing is killing the gum trees on the island which are their only food source." Culling had been proposed, but the government so far was reluctant to order the systematic slaughter of the koala, which is dear to the heart of most Australians.

As I looked up at the animal, thinking that it would be difficult indeed to kill such an endearing creature, there was a sudden flutter of excitement from two American tourists. Perched on a bushy not far away was a pair of Glossy Black Cockatoos, of which there are only an estimated 180 surviving.

"The world's rarest cockie," said Ken, adding proudly, "only found on the island." The birds preened and called to each other,

distinctive crests catching the sunlight before they took off in long swooping flight to another high gum tree. We drove on, passing wallabies and kangaroos in the fields, to Seal Bay, one of the few places in the world where endangered fur seals and sealions can still be seen.

In strong sun, the beach, now a carefully controlled nature reserve, was dotted with 50 or so sealions, lolling asleep on the warm sand. Beyond, in the high surf, two pups were playing and a big bull, surrounded by females sucking their young, watched us suspiciously.

"Don't be fooled by their bulk," said Brian. "They can move faster than you can run." The bull, which must have weighed over 150kg, was mottled with old scars from territorial fights with other seals or from an encounter with a Great White Shark. Brian, a keen surfer, said he had only seen one Great White in his life. "I was up on the cliffs and this 15-footer just lazily coasted through the shallow water outside the surf. It took me a few days before I got

'Blue Gum, a thick amber with a suggestion of wood smoke, was the best honey of the lot'

back in the water I can tell you, mate."

Until comparatively recently, Kangaroo Island was a purely farming community with thousands of sheep grazing its fields. But the local economy was hard hit when the bottom fell out of the wool market at the end of the 1980s, and many farmers had to diversify or go bust.

Next morning I visited David Clifford, who had made the unlikely transition from wool to honey. Working with hives of Ligurian bees, a docile but hard-working strain introduced into the island from Italy in 1885, he now exports honey and queen bees all over the world.

Tending a large centrifuge spinning honeycombs in the large sweet-smelling warehouse, he insisted I try a selection of his produce, named after the trees from which the bees had taken nectar. We ranged through Stringybark to Narrow Leafed Mallee and then both agreed the Blue Gum, a thick amber honey with a suggestion of wood smoke, was the best of the lot.

Thoughtfully sampling another spoonful, he told me he still ran

some sheep but spent 75 per cent of his time tending his bees. "I wouldn't have it any other way," he said.

That night I stayed at Telhark farm on the western end of the island. Jim and Josie Threlton had lost out when the wool market collapsed and had been forced to shoot most of their sheep in 1991 as the farm's income dwindled by 75 per cent in 12 months.

Over supper in the wide living room of their farmhouse, Jim said: "The whole of rural Australia is hurting." He added wryly: "Have you heard the new definition for child abuse? Leave your son the farm."

Like so many islanders, the Threltons had not taken defeat easily. Deer replaced the sheep, Josie took in guests, and Jim trained as a diving instructor, taking groups out from a small cove on his land to dive in the Southern Ocean.

Having made sure I would be unlikely to have a close encounter with a Great White, I volunteered to go with him. The following morning found us struggling into wetsuits and air bottles on the stern of his launch, moored in a tiny cove beneath towering cliffs.

A sealion and her pup watched from the rocks as, heart wedged firmly in mouth, I leapt off the boat into the sea. The clarity of the Southern Ocean was extraordinary, and we swam through kelp over deep ravines of muted soft colours at 40ft, while a frizzle of white high above our head marked where the surf crashed against the rocks.

Jim suddenly tapped me on my shoulder and pointed. There, 2m away, revolved slowly on its axis, was the sealion pup, bubbles clustered around its nostrils, gazing at us curiously. The safety drills had been thorough, but Jim had not warned me about the dangers of attempting to laugh while breathing through a regulator.

I nearly choked, and then stifling my mirth watched as the pup circled a few times and effortlessly flipped over and sped to the surface. Back at the launch 20 minutes later, we removed our wetsuits and sat on the stern eating venison pies from Jim's farm as the launch rose and fell on the swell.

"The problem with this island," said Jim looking up at the cliffs, "is that it gets into your blood." I understood what he meant. After only five days, I knew I would leave the island with regret.

Nick Haslam flies to Australia with Air New Zealand. Return fares London to Sydney start at \$578 (April/June) available from Bridge The World, tel: 0171-734 7447. For more information about Kangaroo Island contact the Aussie Helpline: tel: 0990 022 000.



For the first time in a lifetime of climbing into aircraft, I was asked by the Qantas check-in staff to add myself to my luggage as it was weighed for my flight to the world's most southerly coral island.

"Just step on to the luggage belt, would you please, Mr Wilson?"

I guessed then that Lord Howe Island, a boomerang-shaped dot on the map some 480 miles east of Sydney and Brisbane, almost half way to New Zealand, was going to be unusual.

"We don't have regular refuelling facilities on the island," was the official Qantas explanation of the need to know to the nearest nano-ounce the weight of the fully-laden aircraft.

They also need to cater for the possibility that the aircraft may have to return to the mainland without landing: this part of the Tasman can be, according to the locals, a particularly mean piece of ocean and occasionally conditions can be too blustery for a safe landing.

The next eccentric detail was having to put my watch forward half-an-hour. Lord Howe Island, Australia's most easterly domain, operates 30 minutes ahead of the country's Eastern Standard Time.

All was blissfully calm when I arrived to find the locals mopping up after the worst rainstorm since the island was discovered by Lieutenant Henry Lidgbird Ball, commander of

Feeding time off Ned's Beach

Arnie Wilson visits remote, boomerang-shaped Lord Howe Island

HMS Supply on February 17, 1788.

In the space of a few hours on the night of June 18, 18in of rain, and fierce winds battered the island, gouging great scars through the banyan and palm covered slopes of the towering Mounts Lidgbird (2,500ft) and Gower (2,840ft).

The storm-flooded homes and ripped-up sections of the island's fragile road system temporarily made a nonsense of the ubiquitous "Rainwater - Please Conserve" notices dotted round the island's tourist lodges.

"There's too much damage for us to cope with alone," said Gary Payten, who runs the Beachcomber, one of the lodges. "We may have to get the army in from the mainland."

There are not many people on Lord Howe Island. The population is less than 300 and even with every tourist bed filled - the numbers are restricted by law to 400 - humans are far outnumbered by nesting seabirds.

Lord Howe and its surrounding islets are the only known breeding location of the Providence Petrel and are home for what is probably the largest concentration of the acrobatic Red-Tailed

Tropic Birds, as well as being the most southerly breeding location of the Masked Booby, Sooty Tern and Noddy Tern.

But the birdlife here has not always had the best of things against man. When Thomas Gilbert, Commander of HMS Charlotte, visited the island three months after Lieutenant Lidgbird Ball's historic discovery - made while returning from the penal settlement at Norfolk Island to Sydney - he wrote in his diary: "On landing, a very agreeable scene presented itself. The whole island appeared to be covered with trees, among which mangroves and coconuts were conspicuous. Great numbers of game, very large and fat, were about, showing less fear than geese in a farmyard."

"I was surprised to see large, fat pigeons, so tame as to be knocked down with little trouble. Partridges, likewise in great numbers, ran along the ground. Several of these I knocked down. Five or six dozen of the same kind came up, and I was able to take nearly the whole lot."

The birds were either flightless, like the Woodhen and White Gallinule, or fearless. Commander Gilbert mentioned "birds

as big as large fowls" of which he caught six "by running them down among the low bushes". Photographer David Doubilet refers to the island as an "oceanic larder, a stop for scurvy-ridden ships and sailors sick of British naval cooking". Aided and abetted by regular visits from

The normal method of transport is the bicycle, but most people are only too happy to enjoy the splendid walks

whaling ships, extinction was the fate for a number of bird species.

The White Gallinule was an early victim, but the Lord Howe pigeon managed to survive for a century after man's arrival. The arrival of rats from a shipwreck brought a speedy end to several small songbirds.

Eleven kilometres long and less than 3km across at its widest, Lord Howe Island hovers like a dream on the boundaries of the Coral and Tasman seas. It has no snakes or dangerous wild animals. "And no yahoos, thought-brigade, litter or crime," adds Bill Sheard.

He must have been right - Ken Cropper, the island's policeman, was on holiday during my visit. Occasionally he has to deal with a tipsy motorist exceeding the island's 25kph speed limit, but there are few cars.

The normal method of transport is the bicycle, but most people are only too happy to enjoy some of the splendid island walks. The island also boasts some of the best scuba-diving locations in the world. There are fish in abundance.

Every evening just before dusk, Brian Simpson, born on the island more than 60 years ago, walks down Ned's Beach to the water bearing two containers of leftover food and slops rescued from the island's restaurants to feed the monsters and minnows of the deep.

Years ago, people used to feed them bread. Simpson, for complicated reasons better known as

Carter, has developed this simple ceremony into an art form. Long before the sun sets, fish of all shapes, sizes and colours have started to gather in the bay like football fans before a big match or wild dogs awaiting a daily feed.

Fins by the score skim this way and that, like a sea of model yacht sails, waiting for the great man's arrival. He has hardly missed a day in almost 30 years. As he begins to throw tempting morsels into the water, the sea foams, churns and froths all around him and as myriad fish dash desperately in all directions.

Massive green-backed kingfish weighing as much as 60lb or 70lb keep the startled ocean mullet at bay, cowering close to the shore nearby, as they pounce on the big chunks of flesh. "My God!" says one observer. "That's a 50lb fish in 6in of water."

Like an old lady feeding pigeons, Carter varies the direction in which he throws the food, trying to let the smaller fish get a look in. There are so many: Lord Howe's climate, somewhere between tropical and temperate, has an unusually eclectic variety, and to the onlooker, it seems as if

all 500 species turn out for Carter's nightly feed: Australian Salmon, Trevally, Trumpeter, the extraordinary looking Double-Header Wrasse, Silver Drummers (aka Stinkers) and even Bronze Whaler.

Only once has this watery circus act gone wrong: last year a watching child had his leg mauled badly by a small shark and had to be flown to the mainland for emergency treatment.

It has to be said that the last big shark recorded in these parts was an 18ft Tiger Shark caught off the jetty in May 1942. Its stomach, when cut open, contained a turtle, a cat, a goat, an albatross and a smaller dead shark.

Shark was not on the menu when Bill Sheard and his charming New Zealand born wife Janne barbecued some fish for me on my last night at Trader Nick's. "And we can't offer you any crocodile, either," he said. "But when you get back to Australia" - speaking as if it were a foreign country - "don't forget they have snakes and crocodiles there."

"In fact, the salties are protected these days, so they're on the increase, and moving south. Before we know where we are, there'll be crocodiles wandering around Sydney."

Arnie Wilson's visit to Lord Howe Island was arranged by the New South Wales Tourist Commission.

Lord Howe Island's Internet site: <http://www.wtme.com.au/lordhowe.htm>

TRAVEL

Amanda chuckled as she drove past an old oil barrel. It was painted blue with the words "lift um foot" daubed on it in white paint. The gravel road went up a slight hill and around a corner. It was only when I saw another barrel with the words "puttum back down" that I realised these were road signs - Aboriginal road signs on an Aboriginal road.

These signs and a lookout point near Watarrka National Park are the only features on the Merenjie loop road that traverses arid scrubland in the red heart of Australia.

The attraction of the loop is not the land itself, but the fact that it conveniently completes a circular route from Alice Springs taking in all the major sites as well as some of the more out of the way hidden gems that this part of the Northern Territory has to offer.

I had rented a four-wheel drive fully equipped for camping, and taken to the Stuart Highway. In spite of sharing the driving with my wife, the journey to the Rock seemed never-ending. I had always thought that Uluru (Ayers Rock) was just outside Alice Springs. Some 460km of paved road later, we reached it. I was four hours older, but wiser about the immensity of Australia's geography.

Ayers Rock is as awe-inspiring as the photographs make it out to be. At dusk this monolith of red sandstone glows as the fading light catches it, but to my mind the dawn is even more extraordinary. The landscape around the rock is sparsely covered with low shrubs and grasses. There is nothing with any height to it except the rock itself. As the sun lifts over the horizon its morning rays strike the rock while the ground is still in darkness. The effect creates the illusion that the light is generated from within.

It is a very special moment, one that, unfortunately, everyone else wants to see and, selfishly, I want to see. I resented standing in line with several hundred other people. Tours by the coachload, minibuses from the hotels, cars and vans vie for space in the official viewing area.

Sun up and the race is on. Climbing the Rock is still the done thing, despite the fact that to the Aborigines this is a sacred site and not a playground for tourists. I could see a steady stream of figures ascending the 348 metres in the early morning cool. The Aborigines call us tourists *mingas*; it is the same word they use for ants.



Ayers Rock: climbing it is still the done thing even though the Aborigines regard it as a sacred site and not a playground

Champagne as the sun goes down

So long as the track is beaten, I will always find a way off, resolves Guy Marks

I was glad we had our own transport. We did not have to stick to someone else's itinerary and stay with the crowds. We left the *mingas* to their climb and drove to another group of rocks nearby. The Olgas, now renamed Kata Tjuta, are a less well-known formation than Ayers Rock, but even more spectacular.

Rather than being a single monolith, the rocks fractured in geological prehistory. The effects of weathering and erosion have rounded the rocks and created a maze of gullies, gorges and valleys, each more beautiful than the last. One of the suggested walks at Kata Tjuta is a four hour trek along a route called the valley of the winds.

Far from being overcrowded, we had the place almost to ourselves. The vegetation changed rapidly from arid clumps of spiny grasses to rocky colonies of purple poked flowering plants. The path wound between the rocks, through hidden forests of mulga bushes and white-barked eucalyptus, bloodwood and river red gums. There was a shrill call of birdsong as our presence inter-

rupted an avian display.

The path climbed steeply from the valley floor to a high pass between two great stone mountains. It was hot work, but a cool breeze revived us as we sat in the shade at the summit. From this vantage point we could see that the forest stopped abruptly on a plain of exposed sand which shimmered in the sun. In the distance more rounded peaks dominated the skyline. I could just make out the dark green veins that ran between them, as they protected and nurtured their own hidden valleys.

There was an air of timelessness. It was like discovering something unique. Of course there would be many people here as the day progressed, but just for this moment I felt we were stumbling into a private world.

To cater for the constant crowds requires extensive facilities. Ayers Rock Resort, just outside the national park, has managed to provide these with flair and attention to detail. Accommodation is available to suit every pocket, from a camping ground to dormitory style lodges,

cabins and several hotels. The resort's flagship is the Sails in the Desert hotel; five-star accommodation in a no-expense-spared luxury environment.

Any number of tours and day trips can be arranged from the resort, which can transform the trip from merely admiring the

'We had still to discover the canyons, chasms, gorges and gaps on the circuit map'

natural beauty of the environment to learning something of the traditional way of life and cultural heritage of the Aboriginal people.

We passed a wonderful evening at the Sounds of Silence restaurant. This involved being taken out into the desert to be served champagne as the sun went down over the Rock, listening to

the sounds of the didgeridoo. The tables were laid in a clearing and a gastronomic delight was presented to us, including unusual dishes such as emu and kangaroo. When the meal was over an astronomer arrived and gave a commentary on the night sky around us.

For all its luxury, though, we were not sad to leave the resort behind and head off the beaten track. We had still to discover the canyons, chasms, gorges and gaps that were marked on the circuit map. After another early-morning trek at Kings Canyon, we followed the Merenjie loop swiftly towards Hermannsburg. Just before the old mission town we left the road and made the most of the four-wheel drive. The track to Finke Gorge National Park fords rivers, ploughs through soft sand and crawls over rough and bumpy rocks. The reward is to arrive in Palm Valley.

This little enclave of prehistoric vegetation is quite unlike the surrounding barren bush and distinctly different from the valleys at Kata Tjuta. There is perma-

nent water here and the gorge has become an ecological haven for the Red Cabbage Palm. It is an oasis of cycads and towering slender palm trees.

Just like everything else we saw in the Northern Territory the park was well laid out with excellent facilities. Information boards suggested different walks, how long they would take and what you would be likely to see. Of course there was no five-star hotel, but the little campsite had hot showers, gas barbecues that were all part of the service and a tariff that involved putting about £2 per head into an honesty box. It was refreshingly simple, clean and well thought out.

Unlike the luxury at the Sounds of Silence, here at Palm Valley there was no champagne. We did, however, remember to bring a few cold cans of beer. The sunset glowed orange on the distant rocks and somehow we didn't miss the sound of a didgeridoo. The campfire flickered and crackled, the food wasn't gourmet and exotic, but home cooked and slightly chargrilled. Each other's company was all we

needed and in the night sky we could see the Hale-Bopp comet along with the now familiar Southern Cross.

The journey was nearly over. We had seen just one kangaroo which skipped out of the bush as we drifted overhead in a hot air balloon from Alice Springs. We had dined off another. We had stayed in Alice Springs' only five-star hotel - the Plaza - and we had seen some of the most spectacular sites that the Territory has to offer. This night in Palm Valley, though, had a calm and simplicity that capped it all. So long as the track is beaten, it is always worth finding a way off. Personally, I will look for tranquillity and a place where the road signs say "lift um foot".

Guy and Amanda Marks travelled as guests of the Northern Territory Tourist Commission (tel 0181-944 2992) and Singapore Airlines (Reservations 0181-747 0007). Singapore Airlines has a weekly service to Darwin - prices from £900 return UK. Internal flights in the Territory are available from Ansett or Qantas.

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TRAVEL

High riders in the Snowy Mountains

Nick Haslam feels saddle sore but happy after a trek in the footsteps of gold prospectors and drovers

From Never Never Creek, through Happy Go Lucky Flat to Pinch Cut Gully, the map tells quite plainly the story of the High Country of the Snowy Mountains.

The first Europeans in the mid-19th century had little time to be poetic. Gold prospectors or cattle drovers, the names they so literally scattered speak of the back-breaking toil of opening trails with pick and shovel through the thick eucalyptus scrub.

For 10 days, on horseback, we were to follow in their footsteps. A disparate group of 10 riders, we were united by a love of horses and the great Australian outdoors. From the man who looked like a bushranger in leather chaps, battered slouch hat and beard, who was, it transpired, an unemployed forklift driver from Wollongong; to the dainty British fund manager who had brought her own riding hat, jodhpurs and leggings.

We were led by John Rudd, whose family has run cattle and sheep in the Snowies for three generations. In his late 50s, he was calm and laconic, carefully matching rider to mount on the first day from a selection of spirited ponies bred on his farm. Under a clear blue sky, we climbed through the pine-covered land that surrounds Canberra to the tall eucalyptus groves of the hills.

It was November, the notoriously fickle Australian spring, and John had told us to expect anything from snow to temperatures into the early 30s centigrade. Clad in old jeans, a shirt and borrowed slouch hat, I realised quickly that I was a born rider and sat with easy insouciance in my saddle. But my smug reverie was quickly shattered. "Head back, shoulders back," shouted John, trotting up behind me.

"If you look like a banana, you'll ride like one!"

I snapped upright and, avoiding the amused smirks of others, rode ramrod straight for the rest of the day. By 4pm we had cov-



Ride 'em high: 'If you look like a banana, you'll ride like one'

ered 20km, and eased ourselves with relief from our saddles at the camp.

Sandy, our cook, had arrived hours before with the four-wheel drive and trailer, and a steaming billy of tea stood by a blazing fire. Stiffly, we put up our tents, and as the first stars appeared through the silver eucalyptus, were served a three-course meal of soup and fresh trout, followed by damper and custard. The damper, a thick sweet bread cooked in the camp oven, was about the only thing we had in common with those men who must have camped here, wrapped in saddle blankets, more than a century ago.

Drovers, with herds of more than 1,000 cattle or sheep destined for the markets of Victoria 500km away, would have spent weeks on the road living on little

but damper and anything else they could hunt in the bush. As we sat close to the roaring fire in the growing chill of evening, Rudd told about the sudden blizzards which could sweep the High Country, and of men found frozen to death in deep snowdrifts.

"A man was known for two things: stockmanship and mateship. Your life could depend on someone else looking out for you."

At 5.30 next morning, an exotic chorus of liquid cries made sleep impossible. Kookaburras, cockatoos, magpies and whip birds were greeting the new day. People slowly emerged from their tents, gingerly comparing notes about degrees of soreness before having a leisurely breakfast by the fire.

By the time the heat of the sun

could be felt, the tents were packed and the horses, corralled during the night by a portable electric fence, had been fed their nosebag of oats. Finally, and with some trepidation, we climbed carefully on to our horses and rode out for the day.

The following afternoon, coming across some rough country, we found Sandy's trailer stranded across the track with a broken hitch. But even here, high in the mountains, help was not far away. A radio call was made and next morning a small open truck came bounding along the track.

"G'day all," said the driver. "Having a bit of trouble John?" He found and bolted on a new trailer hitch before climbing back into his vehicle and heading off into the bush.

"That's Darren," said Sandy. "Part-time car repair man and racehorse owner - people up here can turn their hand to most things."

On the third day, a group of horses suddenly appeared on the other side of the valley. They wheeled, startled by our appearance, and then took to their heels, led by a big brown stallion. "Brumbies," said Rudd. These wild horses could make excellent mounts but were notoriously difficult to catch.

"We snared a stallion earlier this year," said Rudd. "He came into camp after a couple of our mares, and two Kiwis managed to get a rope around him. Mind you, he dragged them for a half mile before they brought him up. I gelded him, and he's a good horse now. Those Kiwis, though, were sore for weeks."

As the days progressed, the aches and pains subsided, and when we came into the Kosciusko National Park, where John Rudd had farmed sheep for many years, we could put the horses through their paces, cantering over the high rolling open grassland.

The views were stupendous, and one morning, as we crested a rise, John pointed to a notch in the skyline far away. "We'll be camping on the other side of that," he said. It seemed impossible we could ride so far in a day, but that afternoon, we rode across a wide plain just before the cleft in the hill, the watershed of several rivers. It was known as Boggy Plains. We crossed the area with great care, leaving the horses to pick their way over the treacherous ground.

On the final day, we left the high open country, winding down through gum trees to the shores of Lake Ecumene, part of the Snowy Rivers project.

In a beautiful sunset we cantered the horses for the last time. At the paddock, the horses were unsaddled and, sensing their freedom, galloped down to the edge of the lake to roll in the shore's sandy gravel. It was sad to say goodbye for we had covered more than 200km together. I knew that all the riders wished there were another 200 still to go.

Nick Haslam flew to Australia with Air New Zealand. His horse trek was organised by John and Roslyn Rudd, Raynella, Adam, Abby, NSW 2630, Australia. Tel: 00-61-64 54 2396. Fax: 00-61-64 54 2530. A seven-day Heritage Horse Drive including food costs A\$850.

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1808-1809

TRAVEL

Wet behind the ears after a dry run at sea

Drifting off-course underwater, Nick Haslam is given lessons in the art of appreciating the Barrier Reef

You know I think we really should blow up your sausage," I quickly reached into the pocket, pulled out the envelope, and within a minute, the long cylinder was swaying a good foot above our heads.

"Well done," said Angela. For a moment the absurdity of the situation made me laugh. Here I was, clad in rubber, a heavy gas bottle on my back, floating in a strong current, starting up at a plastic orange tube as if my life depended on it. But then, I thought, maybe I did.

We were drifting in the Coral Sea under a grey sky, and the masts of the Anaconda were barely visible in the high swell. There was no question of swimming against the current and we were, I knew, practically invisible from the distant deck of the yacht.

It was really all my fault, too. I had lost my bearings under water and, by the time we surfaced, the strong tidal current had carried us far from the reef into the open sea.

One look at Angela quelled my fear. An experienced diver, she had learnt her skills in the icy seas of Scotland's Scapa Flow. Sure enough, within minutes we heard the sound of an engine, and the Zodiac, with Eddie the dive master at the helm, came bouncing into view.

"No worries mate," he said at my shame-faced apologies. "At least you did the right thing by

inflating your beacon. We could see that for miles."

It was the second day of the trip, but it seemed far longer since I had boarded the Anaconda at Airlie Beach, half way up the Queensland coast. The yacht, a sturdy 80ft maxi, had circumnavigated the world twice and was now a sailing school, taking 20 divers a time out to the Great Barrier Reef on three-day trips.

It was marvellous sailing out to the reef, 20 miles off the coast - the yacht at full sail forging ahead with a bright bone of froth at its bow.

But where, I foolishly wondered, were the clear skies of the tropics. Bruce, the skipper, reminded me it was January, the middle of Queensland's wet season.

We anchored at Bates reef, a pocket of calm water in the Great Barrier Reef, which is more than half a mile wide. It was high water, and only a broad swathe of breakers and the strangely discoloured sea showed the presence of shoal water.

From the moment the yacht came to anchor, life became a blur of activity. We had, after all, come to dive, and so we did, four times a day for the next three days. A newly qualified open-water diver, I was teamed with Angela, who had more than a year's experience. We were kitted out, instructed on the conditions we might find and then were away in the Zodiac.

A relative novice, I still experienced that rush of joy at being weightless, drifting upside down along the wall of the reef at 12m, peering under overhangs where larger fish kept to the safety of the caves. The Great Barrier Reef is a national park and we had been warned not to touch or damage anything, but there was little incentive to do so.

Many of these beautiful corals

could produce a painful rash and there was, I had been told, a particularly virulent cone shell, with a sting that was nearly always fatal.

But the sheer industry of the undersea world never ceases to surprise. Wherever one looked, some activity was taking place.

Small parrot fish headbutted the corals, feeding on the tiny fragments they dislodged, sea slugs went ponderously about their business on the sandy bottom, and a constant chattering kaleidoscope of fish of all sizes gazed curiously at us as we drifted by.

But the sheer industry of the undersea world never ceases to surprise

On the second dive, I followed Angela through a long winding canyon, flying. It seemed, through the clear water, looping under overhangs until we came suddenly upon a sandy clearing. Quite clearly I felt a presence, and looked more closely. Perfectly camouflaged, at peace with the world, a large white-tipped reef shark - a good 8ft long - lay moulded to the bottom. It gazed coolly at us for a few seconds, and then with a lazy flick of its tail moved idly away. We had been told these sharks were harmless, but even so I was relieved when it disappeared.

That evening bad weather was forecast, and Bruce told us we would have to sail to the shelter of the nearby Whitsunday Islands. Anaconda sped back towards the coast, the yacht cleaving through the dark blue



One for the pot after a day's diving; but you are not allowed to take anything from the reef

sea, and within two hours we had anchored up off Blue Pearl beach in the lee of Hayman Island where we were to spend the next two days, diving in the clear sheltered waters, and occasionally swimming ashore to walk in the virgin forest of the island.

The weather cleared, and I slept on deck to be awoken at dawn each day by the sound of

cockatoos calling from the forest 100m away from the yacht.

On our last evening, we dived at night, entering in the gloom a new and bizarre world. Crabs and crayfish moved slowly among the coral heads and huge, transparent prawns flitted nervously in the narrow path of light thrown by our torches. It had a strangely balletic air, the lights of other

divers rising and falling, and odd flashes of colour from unknown eyes blinking from the darkness.

It was a little sad next morning, as we said our goodbyes on the dockside at Airlie Beach. We had, I felt, been through a lot together.

But Angela had no time for sentiment. With a firm handshake she shouldered her kithag

and left. ■ Nick Haslam flew to Australia with Air New Zealand. He went diving with Oceania Dive Shop 4, Montipara Building, Shute Harbour Road, Airlie Beach, QLD 4802. Tel/fax: 00-61-79 466 032. The cost of a three-day trip starts at A\$365.

■ For more information about diving in Queensland, contact the Aussie Helpline on 0890 023 000.

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Hotels Where outback meets Indian Ocean

Lucia van der Post gets away from it all in comfort

Nobody could pretend that Eco Beach is easy to get to, but if you really want to be away from it all how could it be? Eco Beach is where the Australian outback meets the Indian ocean, where supermodel Elle McPherson, assorted movie producers and anybody else who can afford the fares to get there and the A\$100 a night go to indulge in the ultimate Robinson Crusoe fantasy.

On a remote corner of north-western Australia, just 18 degrees south of the equator, where William Dampier, an English buccaneer, moored 70 years before Cook landed, Karl Plunkett has devised an away-from-it-all bolt-hole where life revolves around the time of the tides - the second highest in the world - and the path of the sun.

Here you drop out, explore creeks, watch the ospreys and oyster catchers, fish for salmon and barramundi, live simply, eat well and sleep as long you like.

If you're more energetic you can hike into the outback to follow Aboriginal dream-trails with Neil McKenzie, an aboriginal guide, go looking for wallabies, ride along the beach or indulge in picnics in isolated coves.

In a remote bay close to Broome, Eco Beach is accessible almost exclusively by helicopter (or - for supplies - by a very long 4-wheel drive track across a private station), so the maximum of 80 people in the 40 simple cabins have the 18 acres of the estate and the 15km of pristine beach to themselves.

Too far south for "salties" (salt water man-eating crocodiles) and too far north for it ever to be cold, Eco Beach is perfect for those who have had their fill of cable TV, room service, mini-bars, private bathrooms and all the other luxuries most hotel chains go in for.

■ Eco Beach (at Cape

Villaret), PO Box 2965, Broome, Western Australia 6725. International bookings: 61-8-9193 5080. International fax: 61-8-9192 4865.

□ From the beach to the outback - up in the Kimberleys in Western Australia, Will Burrell has bought just under 1m acres of wilderness.

Part working station (about a third of the land is viable grazing country and there is a herd of around 5,000 cattle - Kimberley Shorthorn and Brahman), part uninhabited wilderness, part simple camp site and part luxury resort, El Questro is the place that nobody wants to go to only once.

The meals make you realise why Australian food has become a hot topic round the world

Those with dollars to spare should spoil themselves and stay at The Homestead. Here, overlooking the Chamberlain river, are six wonderfully furnished bedrooms with their own bathrooms, and a chance to dip into the lifestyle of the station owner.

"The Homestead," say Peter and Tania Regan, who do most of the pampering, "is not a hotel or motel but a private residence, so there are no mini-bars and coffee-making facilities in your room. We do, however, have a wonderful kitchen into which you are always welcome."

"A fully stocked and unrestricted bar is at your disposal day and night in the Big Room. All the Homestead facilities are available for your enjoyment."

And so it turns out. You simply help yourself to tea, coffee and booze but at breakfast, lunch and dinner Tania does her magic and you are served the sort of meals that make you realise why Australian food has become a hot topic round the world.

Part of The Homestead's appeal lies in its location (at night, the trees lining the river are floodlit and you eat in little private sites dotted around the garden, ogling the crocodiles) part in the high quality of the pampering and part in having private access to such vast expanses of almost uninhabited land.

Helicopters will fly you to favourite canyons or estuaries to fish for barramundi or gawp at the Bungle Bungle mountains. Horses are there to be ridden, guides (ask for the part Aboriginal Buddy Tyson who tells yarns so tall you can't see where they end) to show you the Wandjini rock paintings and take you into the gorges, and the whole great paradise just to be enjoyed.

■ El Questro Station and Wilderness Park, PO Box 909 Kununurra, Western

Australia. Tel: 61-91-691 777. Fax: 61-91-6991 383. £280 per person per night, minimum stay two nights, all inclusive.

□ There are more ways to visit the world's largest living organism, the Great Barrier Reef, than most of us could manage in a lifetime, but staying at Lizard Island seems one of the best.

Lizard Island is a national park and its surrounding waters a marine park, but the best thing about it is that those staying at the only hotel on the island, The Lodge, have the entire island. All its coves and inlets and hinterland, to themselves.

Reached by air from Cairns, The Lodge itself is a little run-down, waiting for a "refurbishment", but the views from the large rooms are stupendous and the access to the Great Barrier Reef superb.

Start by exploring the reef round the island - either in a glass-bottomed boat or by snorkelling - and then take at least a day out on the big boat which takes you to the Great Barrier Reef proper.

Here, the young crew provides diving equipment for those who can and snorkelling equipment for the rest.

It's impossible to describe the wonders of that aquatic world - the colours, immense variety, the great cod that lumber past, the tiny fish clad in neon colours, the reef sharks nesting on the bottom - you have to go and see it for yourself.

When you need a rest from marvelling at the wonders of the reef, The Lodge will give you picnics to take to isolated coves, there's the Blue Lagoon to visit, walks to take, tennis to play and anything aquatic, from water-skiing to wind-surfing, to indulge in.

■ £240 per person per night, based on two people sharing. Meals and facilities included. Excursions are extra. Reservations: Austravel Select: 0171-888 1011.

صكنا من الامم

FOOD AND DRINK

صحن من الامل

In the 1970s, when flirtation with the freezer was at its peak, something like 70 per cent of Britain's raspberry and strawberry sales took place at pick-your-own (PYO) farms.

Harvesting your own represented good value and enabled punters to pick exactly what they wanted – punnets of perfectly ripe berries for immediate eating, firmer and marginally less scarlet fruit to serve a day or two later or stash away in the freezer, and some slightly underripe berries for the sake of their pectin content for jam-making.

Punter and grower were happy with the arrangement, although some farmers winced at the sight of parties with large numbers of small children in tow. Small feet were probably too light to trample the plants unduly but damage was inflicted by small hands carelessly pulling up plants as well as fruit, and the on-site sampling sometimes amounted to gorging. A few farmers threatened to pop children on to their scales on arrival and departure and to charge for the weight difference. Most built the potential loss factor into their price lists.

In recent years, strawberry sales have shifted dramatically in favour of supermarkets. I remain loyal to PYO, which is more fun, better value and is a proper seasonal activity. I also relish the choice of varieties.

Washout leaves strawberries in a jam

Philippa Davenport saves the day in a year when the best of the berries got rather waterlogged

Now that supermarkets and food halls offer globe-trotting berries all year round, I am bucking the trend in continuing to regard fresh raspberries and strawberries as summer fruits, but I firmly believe that British-grown berries when at their best are the best; they are a seasonal treat worth waiting for.

Supermarkets rarely sell strawberries by named variety, but I will wager that 90 per cent of their stock this summer is Elsanta. This is a current favourite because of its money-making properties. It crops heavily, travels well without much sign of bruising, and thus boasts a long shelf life. Its flavour is quite good but greenies point out that monoculture is extremely unwise, and Elsanta is especially prone to pests and disease widely kept in check in commercial circles in Britain (and in other countries from whom we import the fruit) by the use of methyl bromide.

Methyl bromide is a very dirty word in conservation circles, categorised by the UN as a "class

one ozone depleter", banned in some countries and due to be phased out completely by 2010. It does not leave any residue in the fruit, but it contaminates water.

Most British PYO farms use methyl bromide to some extent – organic farms are the honourable exceptions – but few are guilty of monoculture. Most farmers sensibly hedge their bets and grow an average of six different varieties – my local PYO offered 12 sorts last year. Such diversity makes for interesting comparative tastings and means that in seasons when one variety may fail or prove weak, others are likely to thrive. What is more, since PYO fruit is sold direct from field to consumer, the selection grown tends to be determined less by a need for long shelf life and more by a concern with good taste.

This year will probably go down in the annals of soft red fruit history as a washout. All strawberries, whether purchased straight from the field or in a shop, ought to be eaten or preserved on the day you get them

Soft red fruit



Photograph: Anthony Blake/Poolside

lest they collapse into watery red puddles.

This is a year in which jam-makers should consider using a higher percentage of underripe fruit than usual, to reduce the amount of liquid normally used in recipes, to replace some water with liquid pectin or use pectin-enriched sugar instead of ordinary sugar to aid setting. As for strawberry puds, this

summer's fruit, more rain-swollen than sun-ripened, needs a generous helping hand to boost its flavour. The old trick of dressing the berries with a mixture of freshly squeezed orange and lemon juice works well; if you have a Seville orange in the freezer, that is even better.

A grinding of pepper or a splash of balsamic vinegar can also work wonders, as the Italians have taught us, and on a cool day, rather than douse my strawberries in cream, I suggest slicing them thickly into foaming glasses of warm zabaglione. Here is an easy but impressive party piece variation on the theme.

FEATHERLIGHT SPONGE WITH STRAWBERRIES AND ZABAGLIONE (serves 8)

For the cake: 4 large eggs; 100g castor sugar; 100g plain flour; ¼ teaspoon baking powder; finely grated zest of an orange; 150ml freshly squeezed orange juice. For the filling: 750g strawberries; 2 tablespoons sugar; 2 tables-

poons balsamic vinegar. For the sauce: 4 egg yolks; 4 tablespoons castor sugar; 80ml Marsala mixed with 2 tablespoons balsamic vinegar; a squeeze of lemon juice.

Oil a 23cm x 24cm ring mould of 1.75 litre capacity. Dust with flour, invert and tap out excess.

Whizz the zest with some of the sugar in an electric spice or coffee mill. Transfer the aromatic powder to a large bowl, add the rest of the sugar and the egg yolks and beat with an electric whisk for 5 minutes until pale, light and beautifully bulked up. Whisk the egg whites to shiny peaks in a separate bowl. Sift the flour and baking powder into a third bowl.

Fold spoonfuls of the egg whites gently but firmly into the yolk-and-sugar mixture, alternating with spoonfuls of flour, starting and finishing with the egg whites.

Spoon the sponge mixture into the prepared tin and bake at 180°C (350°F) gas mark 4 until firm and springy to the touch

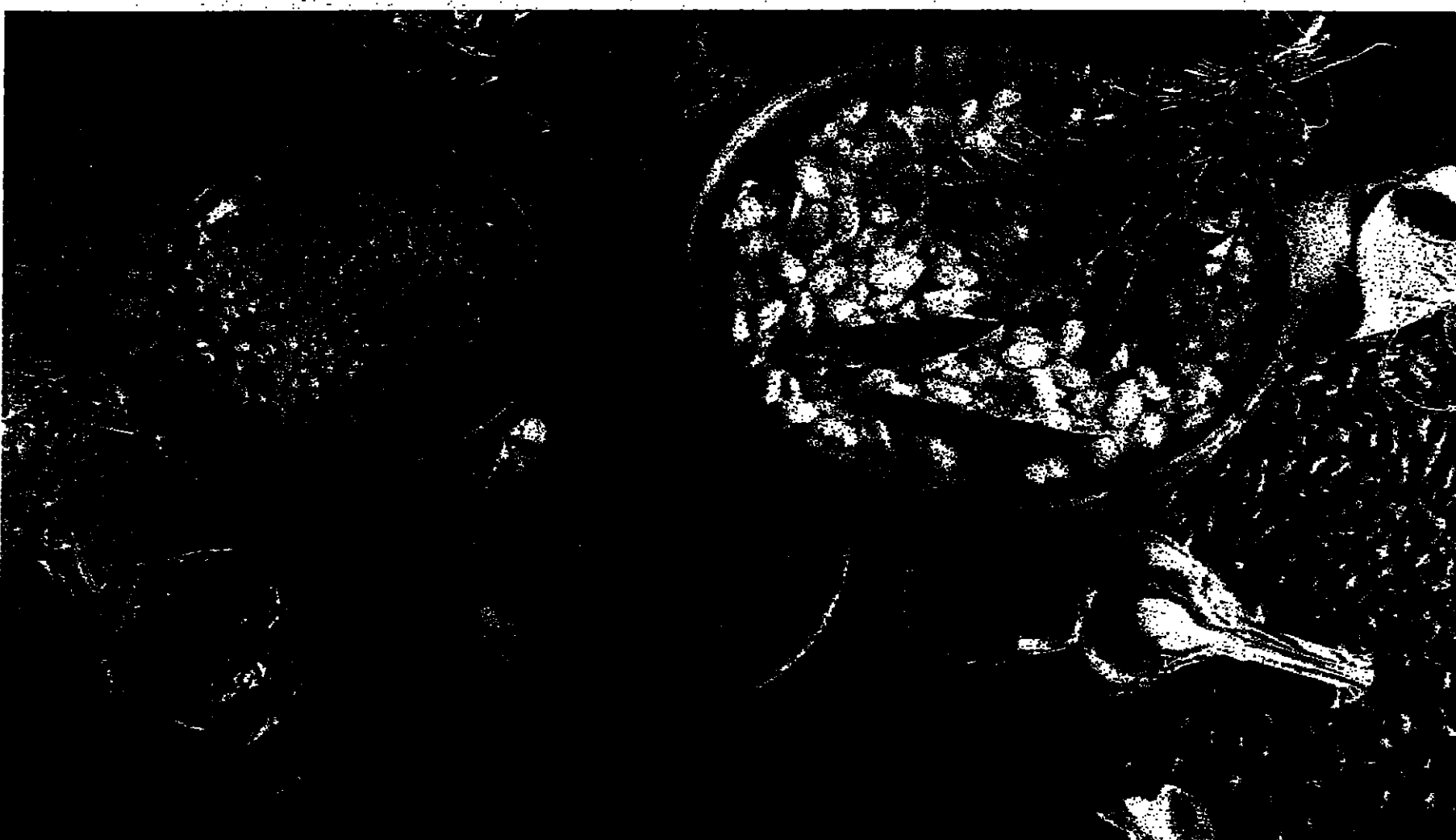
and beginning to shrink away from the sides of the tin, 35-40 minutes.

Cool for 5 minutes then pull the cake gently away from the edges of the tin with your fingertips to loosen it. Turn it out on to a flat plate or other perfectly flat dish with a lipped edge. Spoon the orange juice slowly over the cake; it will drink it up greedily. Leave until cold then cover with an upturned bowl to prevent drying out.

About an hour before serving, slice the strawberries thickly, or halve them if small. Put them into a bowl, sprinkling sugar between layers. Drizzle with vinegar, toss very gently, cover and leave at room temperature.

Just before serving, make the zabaglione. Using an electric whisk, beat the egg yolks and sugar in a double boiler over barely simmering water until the mixture begins to thicken. Add half the liquid and whisk for a further 30-40 seconds. Pour on the remaining liquid and continue whisking for about 3 minutes until the sauce is a rich foam, as thick and light as softly whipped cream.

Pile the fruit into the centre of the cake, and serve the zabaglione foaming and warm in a sauce boat so that those gathered round the table can spoon it over the cake to taste.



Many dishes are served at room temperature – and the large variety of vegetarian dishes is an added bonus

Photograph: Anthony Blake/Poolside

Buffets

Cold collation for hot summer

Anisa Helou explains why her Midsummer Night's Dream of entertaining has a Lebanese flavour

Now that summer is here, I can go back to my favourite form of entertaining: cold buffets. Such dinners or lunches are easier to plan than sit-down meals. They are also more fun and less enervating.

With a cold buffet you can cook in advance and put it on the table well before the guests arrive. Guests can then help themselves; are free to speak to whomever they fancy – and I am free to circulate without having to fuss about the food.

Lebanese food is particularly well suited to this – many dishes are served at room temperature and the large variety of vegetarian dishes is an added bonus for summer eating.

Planning is not all plain sailing. I still make sure my dishes blend in terms of taste, appearance and texture and prefer food that can be eaten with a fork. In the following menu, which will feed eight to 10, the tastes meld particularly well.

The slightly tart and velvety fish in tahini sauce contrasts with the earthy lentils and rice, while the lemony taste of the broad beans and Swiss chard add a fresh note which in turn is lifted by the minty tomato sauce of the courgettes. Finally, the crunchily mixed salad gives a

nice bite to the soft and juicy textures. To finish the meal I usually serve a choice of delicious fresh fruit ice-creams such as banana, mango and raspberry.

BAKED FISH WITH TAHINI

Samak bil-Tahini

In Lebanon, this dish is prepared with a whole fish, but we do not have a tradition of filleting here, so I use fish fillets or steaks. 1kg white fish fillets or steaks cut into 10 pieces; juice of ½ lemon or to taste; vegetable oil for frying; salt; 3 large onions thinly sliced; 200ml tahini; 1 tsp pomegranate seeds for garnish (optional). Rinse the fish pieces, dry, rub lightly with salt and set aside. Pour the tahini into a mixing bowl and gradually stir in the water and lemon juice alternately. The tahini will thicken to a paste-like consistency before it starts to dilute again. The sauce should be runny.

Preheat the oven to 220°C (425°F) gas mark 7.

Pour vegetable oil in a large non-stick frying pan to a depth of 1cm, and place over a medium heat. When the oil is hot (to test, dip in one end of a fish piece and if the oil bubbles, it is ready). Fry the fish pieces for 1 minute on each side. Remove

them with a slotted spoon and set aside.

Fry the sliced onion in the same oil until golden. Remove with a slotted spoon and drop into the tahini sauce. Add salt to taste, mix well and pour into a deep baking dish. Arrange the fish pieces in the tahini and onion sauce, turning them to coat evenly, and bake in the pre-heated oven for 30 minutes or until the sauce has thickened and is bubbling all over. Garnish with a few pomegranate seeds if you are using them.

COURGETTES IN TOMATO SAUCE

Motabbal Kousa

You can use either white or green courgettes or mini courgettes, which you should leave whole. 600g small or mini courgettes; 3 tbsp extra virgin olive oil; salt to taste; 2 medium onion thinly sliced; 1 tsp dried mint powder or fresh mint finely chopped; 3 garlic cloves; 600g Italian canned chopped tomatoes. Cut off and discard the ends of the courgettes. Rinse and slice in circles about 1.5cm thick (keep the mini ones whole). Put the olive oil, sliced onion and garlic into a saucepan, place over a medium-high heat and fry until golden. Stir in the courgettes, reduce the heat, cover the pan and simmer for 5 minutes, stirring occasionally.

Add the tomatoes and salt to taste, increase the heat to medium-high, cover and boil for 15 minutes or until the courgettes are soft but not mushy. Stir in the dried mint and cook uncovered for another 5 minutes or until the sauce has thickened.

If you are using fresh mint, cook the courgettes for 20 minutes and stir in the chopped mint after you have

RICE AND LENTILS

M'dardara

This is a very tasty Lenten dish that can be varied by replacing the rice with coarse bulgur. You may need to add more water (up to 150ml), depending on how coarse the bulgur is; the coarser it is the more water needed.

150g brown lentils; 1 litre of water; 150ml extra virgin olive oil; 3 medium onions, thinly sliced; 150g white short grain rice; ½ tsp ground cinnamon; ½ tsp ground allspice; ½ tsp finely ground black pepper; salt to taste.

I ensure my dishes blend and prefer food that can be eaten with a fork

Put the lentils in a saucepan, add the water and place over a high heat. Bring to the boil then reduce the heat to medium. Cover the pan and boil for 45 minutes or until the lentils are nearly cooked.

While the lentils are cooking, heat the olive oil in a large frying pan over a medium heat. When it is hot, add the onion slices and fry until they turn a rich dark brown without letting them burn and blacken.

Remove three-quarters of the onion slices with a slotted spoon and spread them thinly on a double layer of kitchen paper. You want them to drain well and become crispy.

Wash the rice in several changes of cold water, drain and add to the lentils. Season with the cinnamon, all-

taste and bring back to the boil.

Reduce the heat to low, stir in the onions left in the pan, and their oil, put the lid back on and simmer for 15 minutes.

Turn off the heat, wrap the lid with a clean kitchen towel, put it back on and leave to sit for 5 minutes. Carefully stir the lentils and rice and transfer to a serving dish. Leave to cool before scattering the onion slices over the top.

BROAD BEANS AND SWISS CHARD WITH CORIANDER

Fool bil-Saq

If you cannot find Swiss chard, use spinach. The taste will be quite different but still delicious.

4 tbsp extra virgin olive oil; two medium onions, finely chopped; 4 garlic cloves, peeled; 2 bunches of Swiss chard (about 800g), the stalks peeled and diced into 1cm cubes and the leaves shredded into 1cm strips, keep both separate; 300g broad beans, fresh or frozen; 2 medium onions, finely chopped or frozen; 1 bunch coriander (200g on the stalk) stalks removed and discarded, leaves washed, dried and chopped finely, salt to taste, juice of 1 lemon, or to taste.

Put the olive oil and chopped onion into a saucepan large enough to take the broad beans and Swiss chard, place over a medium heat and cook until soft and transparent. Add the crushed garlic and sauté for 1 minute before adding the cubed stalks and the broad beans (thawed out if frozen). Add salt to taste, cover the pan, lower the heat and simmer for 20-25 minutes.

Add the shredded Swiss chard and chopped coriander, put the lid back on and

stir well together and add the lemon juice. Simmer covered for another 15-20 minutes or until the broad beans are tender and the juices reduced. Taste and adjust seasoning if necessary. Take off the heat and leave to cool.

FATTOUSH

This is a wonderfully adaptable salad. You can make it with whatever salad ingredients you have available but make sure the herbs are young and fresh.

If you do not have sumac use lemon juice. Both purlane and sumac are available in Greek, Turkish or Lebanese shops. If purlane is not in season, you can use an equivalent amount of parsley.

Four gem lettuce; 1 bunch spring onions, trimmed and thinly sliced; 3 mint leaves, sliced into thin half circles; 3 firm red tomatoes, chopped into bite-sized pieces; 1 bunch flat parsley, washed, dried, most of the stalks cut off and discarded, coarsely chopped; ½ bunch purlane, leaves only.

Dressing: 3 tablespoons sumac or juice of ½ lemon; salt to taste; 6 tbsp extra virgin olive oil. Bread garnish: 1 medium pitta bread, opened up, toasted and broken into bite-sized pieces.

Strip and discard any outer, damaged leaves of the lettuce. Wash and dry the rest, then cut across in 1cm strips. Put the shredded lettuce in a salad bowl and add the rest of the salad ingredients.

Season with sumac (or lemon juice) and salt to taste, pour in the olive oil and toss lightly together. Taste and adjust seasoning if necessary. Work in the toasted bread just before serving so it does not go

Eating out

California in deep Suffolk

Nicholas Lander finds a humane eatery at the Leaping Hare

Any debate between a restaurateur and a chef over opening hours invariably involves the restaurateur seeking to extend them and the chef arguing that they must at least stay unchanged to ensure some time for a social life.

After lunch at The Leaping Hare Café, at Wyken Vineyards near Stanton, Suffolk, these roles were surprisingly reversed. Chef Lucy Crabbe was delighted that her proposal to extend opening hours to include Thursday and Saturday evenings had been so well received by their customers. Her boss, Carla Carlisle, who had opposed this extension still remained sceptical.

The scepticism has nothing to do with doubts about Crabbe's proficiency or stamina – she came via the Elne Print Café, near Tower Bridge, London and trained under Simon Hopkinson at Bibendum in the Fulham Road – and everything to do with Carlisle's background.

Raised in Tupelo, Mississippi, Carlisle lived in California before moving to Burgundy and then Paris where she managed the Legrand wine shop and lectured on English Literature before settling in England.

While in California, she worked as a waitress and assistant pastry chef at Chez Panisse, Berkeley and learnt first-hand just how arduous and anti-social restaurant life can be. "I had come to realise how inhumane the restaurant business is. When I opened here I wanted to create the first humane restaurant, so I limited our opening to three lunches and one evening a week."

That the restaurant is now open longer is a tribute to Carlisle's taste, attention to detail and vision. Eating at the Leaping Hare encapsulates the best of eating in a small California winery restaurant – but one set in the heart of the English countryside and serving English ingredients and Carlisle's very English wines.

She says: "I planted the vineyards in 1988 and realised that the best way of getting people to enjoy my wines and to make a decent return was to establish a restaurant alongside where we could sell the wines by the glass, bottle and, if they like it, by the case."

What distinguishes the Leaping Hare is that although it makes no bones about its commercial intent, with a range of goods for sale, it does so with style

and British understatement.

This is exemplified by the artwork used on the Wyken wine bottle labels. "We are making English wine here so I did not want a label that looked Californian or French," Carlisle explained. "I found some wonderful wood engravings from the 1890s by an English artist called Clare Leighton and I used her image of the Leaping Hare throughout. But I do want to show a definitely Californian attitude to those who visit with children."

"As a mother myself, I have come to realise that if the children are happy, the parents are relaxed."

These are attractive sentiments on their own but combined with Crabbe's cooking the Leaping Hare should now be on every visitor to East Anglia's itinerary.

Crabbe's previous culinary experience, coupled with the fact that her partner runs a wholesale business taking the best of Suffolk's produce, such as asparagus and aspar-

agus, to London's restaurants and returning via New Covent Garden Market, makes up for the restaurant's isolation up a winding lane eight miles north-east of Bury St Edmunds.

A Caesar salad held all the right crispy ingredients: Suffolk asparagus arrived with balsamic vinegar and shaved Parmesan; grilled squid with chilli and garlic dressing. One main course, roast cod with egg and anchovy sauce, was sensational. The eight "sweets things" included rich caramel pots served with tiny warm Russian tea-cakes.

The weather may be England's national talking point but as a vignette it is never far from Carlisle's mind. A late frost on May 8 last year means that instead of having an average of 20,000 bottles of Wyken wine, there will only be 3,000 of the 1996 vintage.

■ The Leaping Hare Café, Wyken Vineyards, Stanton, Suffolk IP21 2DW. Tel: 01359-250287. Fax: 01359-252256. Open 10am-8pm Thurs, Fri and Sat; and for dinner from 7pm Thurs, Fri and Sat.

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SPORT

Sporting Profile

Blue collar man marks Royal and Ancient game's card

Tom Lehman is the most personable of sportsmen who, in adversity, highlighted golf's infuriatingly infinite dimensions, says Derek Lawrenson

The defending champion at next week's Open at Royal Troon could hardly be further removed from the man who will be the primary focus of attention. Tiger Woods has the world in thrall at 21: Tom Lehman never even made it on to the United States tour until he was in his early 30s. The sharp contrast illustrates the sport's infinite dimensions. There may be four or five signposts that players seeking to reach the game's peak should follow but Lehman never spotted them and yet still made it.

When at home in Scottsdale, Arizona, this most personable of sportsmen likes nothing more than to tend his wide variety of rose bushes. He says he likes to take something ugly and make it beautiful and one cannot help but feel that he has spotted an

allegory for his own career – a wonderful, heartwarming story, a triumph for perseverance and courage that runs the gamut of emotions.

Lehman has survived a decade of penury, a cancer scare in the year following his breakthrough, but he has also lifted high the most prized trophy in the game. Not surprisingly, all these extremes have fleshed out his character and made him one of the game's most interesting personalities.

We need not delve too far into the long struggle for success. Suffice to say that like many men, Lehman took a deep, hard look at himself on his 30th birthday and saw a man struggling to stay above water.

He had played every mini-tour from Sacramento to Soweto and made nothing more than his expenses. One time, during the course of an 18 hour drive to his

brother's wedding, he was so short of funds that to save on the cost of a hotel shower, he simply pulled into the back of a motel, removed his clothes, and bathed in the torrential rain.

Clearly, this was a life of which any man would tire once he had shed the last vestiges of youth, and in 1989 Lehman finally decided to look for something else to do.

He applied for the golf coach job with the University of Minnesota, his native state, and was delighted to get an offer, but one thing troubled him: a reference to winter non-golfing activities. When he was told about the skiing instruction, the job lost its appeal.

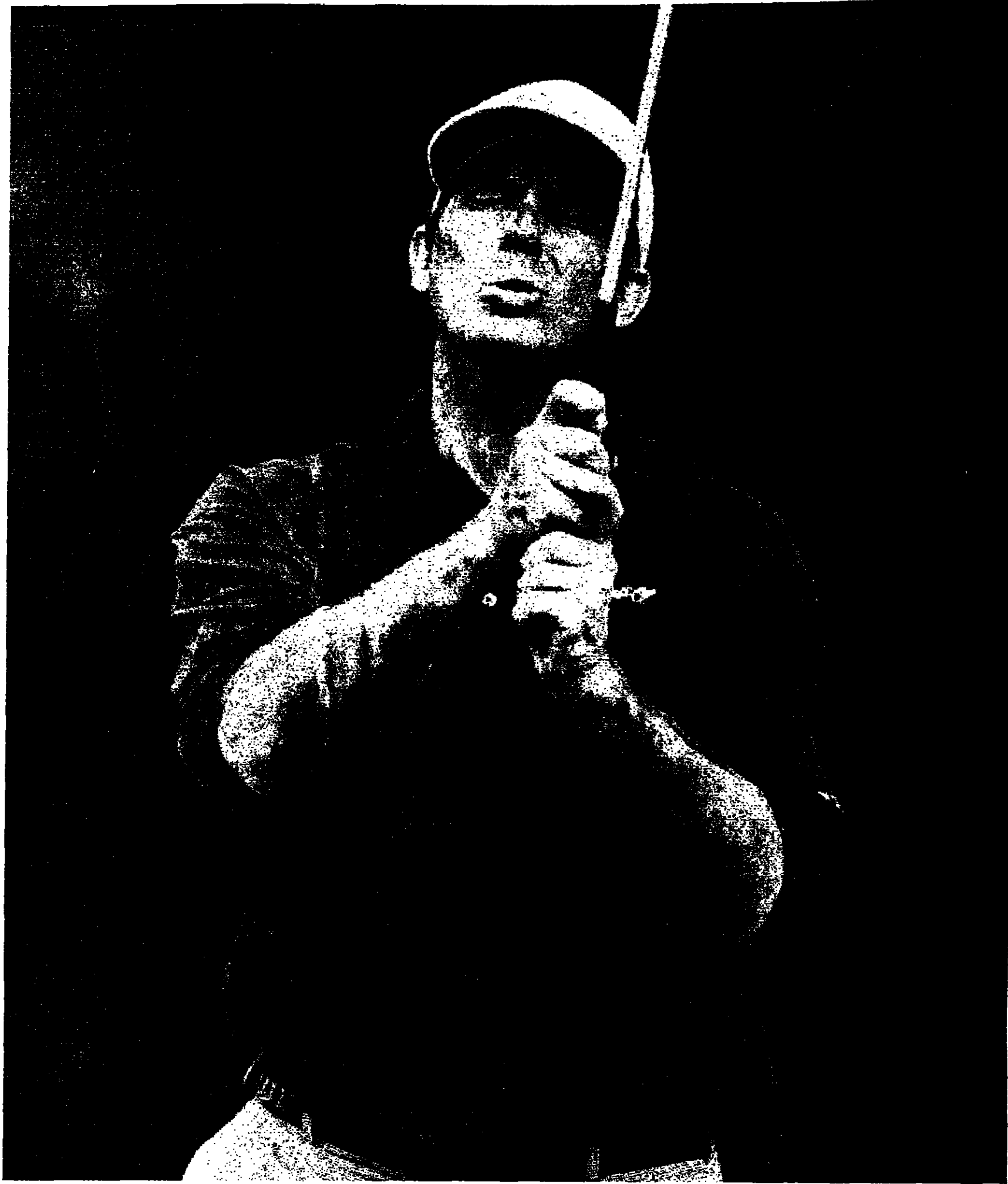
What followed was pure Hollywood. He talked it over with his wife Melissa, who agreed that he should give golf one more try. So Lehman took the last \$4,000 from their account and flew to South Africa. He won \$2,000 there and joined the Nike mini-tour in America. Over the next two years he won four tournaments and a spot on the main US tour. Two years later he finished second in the Masters at Augusta.

Did this all go to his head? Well, armed with his six figure runner's-up cheque from the Masters, Lehman went out to buy new trousers but could not bring himself to pay the \$150 asking price. Some golfers would not be seen in anything but the latest designer trousers but Lehman wanted a pair more tailored to his personality. "I don't wear \$150 pants," he said, flatly.

He has remained Blue Collar Man. As his golf has gone from strength to strength, as the millions have stacked up, he has been offered a number of clothing deals but the contract he has opted for is one with the working man's designer.

His following is considerable. At last month's US Open at the Congressional Country Club outside Washington, his supporters included the president. As Chelsea Clinton wandered off in search of Tiger Woods, her father gently told her that he wanted to stay behind to watch Lehman. "He's my kind of golfer," he said.

Certainly it is very difficult to root against a man who



seemingly has time for everyone. After the 1994 US Open, Lehman did not go home after the final round to prepare for the following week's tournament. One of his friends, Loren Roberts, had made it into a play-off scheduled for the following day so Lehman hung around and walked the 18 holes.

At last year's US Open, he was paired in the final round with Steve Jones, another friend he had met through his church activities.

On the first tee he was thinking of his opponent. He reminded Jones of a bible quotation, telling him to "be strong, have courage," down the nerve-wracking final holes. Jones displayed those qualities and defeated Lehman by a shot.

After three near misses in major championships, and at the age of 37, it was natural that people would wonder whether Lehman would complete this

fairytale. A month after losing out to Jones he was again in contention at the Open at Royal Lytham, and after three rounds, after a marvellous 64, he had opened up a six shot lead. On the final day, however, he was paired with Nick Faldo, who three months earlier had made up a similar deficit against Greg Norman at the Masters.

The sun shone, and an enormous crowd gathered in expectation of Faldo once more subduing an opponent. Over the early holes it appeared a possibility. Six shots became five, and then four – the roars for Faldo shook the soul and there was, sad to say, even the odd cheer when Lehman faltered.

Through it all the American remained placid. After a lone voice had shouted, "Come on Tom," he turned and smiled to the gallery. "Well, at least that's one of you on my side," he said.

It showed that he was not letting the events of the day get on top of him, as Norman had clearly done at Augusta. Lehman thought about the Ryder Cup the previous October, when he had played Severiano Ballesteros in the singles.

Ballesteros had given a terribly distracting display, missing every fairway on the front nine yet still saving pars from seemingly impossible positions.

Lehman kept his concentration to win the match and would acknowledge, some time later: "I learned a lot about myself that day, that winning is about a lot more than just hitting good shots."

Now, as Faldo failed to capitalise on a series of fine strokes, Lehman calmly stretched his lead once more to be a comfortable winner at the close. The gallery that had been hostile at one point warmed to

him during the prize ceremony as he gave a speech that was at once both humble and funny. By the side of the green his father, who had never stinted in his support of his career, could not stop staring at the leaderboard.

Three months later, at the US Tour Championship, the season-ending finale, Lehman won once more by a street. He was named the player of the year, and the career that had appeared to grind to a full stop in 1989 had come to the end of another phase.

Having taken so long to reach the top, it is hardly surprising that Lehman is prepared to put in the necessary hours to stay there.

In the years that remain before age takes its toll he has set himself the target of winning all four majors once. "I honestly think it is a feasible target because I have got what I consider the hardest one for me

to win out of the way," he explained. But he is realistic as well. He knows that the era of Woods and Ernie Els has begun, the era of huge contracts and golfers with profiles as big as pop stars. Yet there remains room for golf's Tom Joad, and his refreshingly simple approach to the game.

After he had come up short at last month's US Open, the third year in a row he had had a chance to win and not succeeded, Lehman was asked whether he felt like shedding a tear, as Collin Montgomerie, another sufferer at the death, was doing at the time.

Lehman thought about the question for a while and, given his deep Christianity, one might have expected the eventual answer to focus on how he would fall back on his religion.

"Actually, what I really feel like doing right now is punching someone," he said, smiling.

Motor racing

Damon Hill's season turns to ashes

Arrows are waiting for better days as Schumacher performs the impossible, writes John Griffiths

For a reigning world champion this is about as bad as it gets.

Damon Hill will start his home grand prix at Silverstone tomorrow without a single championship point to his name in a 1997 Formula One world championship already eight races old and halfway to completion.

The Yamaha-engined Arrows he drives for Tom Walkinshaw, the Scottish former racing driver-turned-engineering entrepreneur, has hardly finished a race this season. Engines have failed with alarming frequency. Hill, under a growing intensity of psychological pressures, has compounded mechanical misfortune with human error, on occasion to plunge himself prematurely off the track.

Not surprisingly, tempers have frayed. Walkinshaw, whose TWR organisation has grown in two decades from go-faster bits for Mazdas into a globally respected automotive engineering concern,

is not used to failure nor even to mediocre success. "I want to get the team into the top six by the end of the year," he told me a couple of months ago. As things stand, the statement appears to be one of extreme optimism – reflected in his clear anguish as the most recent grand prix, at Magny-Cours, once again turned to ashes for the Arrows.

As for Hill, facing the prospect of becoming the first driver for more than 40 years not to score a single point in the year after he won the world championship, no one would blame him if he wished to cast around for a potentially better seat elsewhere next year.

Yet despite the occasional frustrated post-race outburst, Hill off the track has been distinctly calm – if not quite laid back.

For this is a relationship far from written off. Arrows, Hill can be virtually certain, will come good – and the good-natured Englishman is well aware of it.

Walkinshaw may not be the best-liked man in the business, but his business record is not one to accept failure. Having stepped on to the world stage as an influential motor industry figure – his TWR organisation is about to start making cars jointly with Volvo – his reputation is as much at stake

as that of his no less high profile rival, Jackie Stewart. Stewart's own attack on grand prix with his Ford-backed team has so far been more successful – but it has been much longer in the strategic planning stage. Stewart's strategy sets the tone of the team he has

To expect immediate success is to expect a miracle

vowed to win the world championship but, starting from scratch, has acknowledged that it might take five years.

Walkinshaw may have gained much Formula One experience in his former part-time role managing Benetton. But he bought Arrows only halfway through last year and to expect immediate success is to expect a miracle.

Already, Walkinshaw has set significant action in train. John Barnard, Ferrari's former design boss, has joined the team and few doubt that by the 1998 season the presence of one of the best designers in F1 will have proved beneficial. And TWR's high-tech facilities at Leafield in Oxfordshire are already one of the envies of the automotive engineering world.

Arrows' Achilles' heel is its engines an embarrassment not just to itself but to Yamaha, one of Japan's more prestigious automotive engineering enterprises

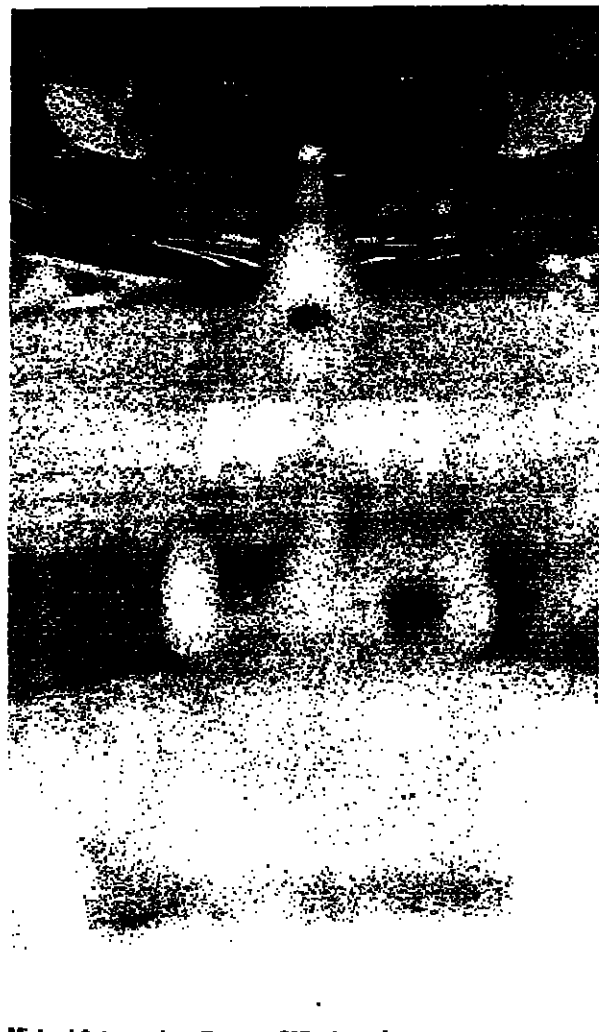
shire circuit tomorrow. For Jacques Villeneuve, the outspoken Canadian leading the Williams-Renault team, Silverstone is almost a moment of truth.

By now, Villeneuve, driving what is indisputably technically the best and most capable car in Formula One, should be a country mile ahead in the world championship.

Instead, his own vulnerability to pressure from the relentlessly efficient and overwhelmingly talented Michael Schumacher has already left him, trailing an uncomfortably distant second.

Schumacher, meanwhile, continues to perform the seemingly impossible with a Ferrari closing on, but not yet up to, the Williams' performance. Should Schumacher win again this week end the German's championship lead might start to look unassailable.

To Ferrari, his \$25m salary is already looking to be the harbinger of the decade.



Michael Schumacher, Ferrari's \$25m hero

صلى الله عليه وسلم

INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITION
Van Gogh Museum
Tel: 31-20-570 5200
Second of four summer exhibitions of drawings by Van Gogh, the first of which took place last year. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. Here are the "brabant handworkers", landscape drawings, and numerous studies of heads. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BAD KISSINGEN

CONCERTS
Kiesinger Summer Festival
Tel: 49-971807110
● Barcelona Symphony Orchestra: conducted by Lawrence Foster in works by Gerhard, Shostakovich, Elgar and Mendelssohn; at the Regentenbau; Jul 12
● Barcelona Symphony Orchestra: conducted by Lawrence Foster in a programme of works by Britten, de Falla and Ravel; with piano soloist Daniel Barenboim; at the Regentenbau; Jul 13

BARCELONA

EXHIBITION
Fundació "la Caixa"
Tel: 34-9-404 6073
Tarsila do Amaral, Frida Kahlo, Amelia Peláez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which influenced them; to Jul 27

BASLE

EXHIBITIONS
Öffentliche Kunstsammlung Basel
Tel: 41-61-271 0828
● Dürer/Holbein/Grünwald: major celebration of the quincentenary of Hans Holbein the Younger (ca. 1497/98-1543). Organised with the Staatliche Museum, Berlin, the exhibition consists of 170 old master drawings; to Aug 24
● The Prints of Hans Holbein the Younger: consisting of the entire collection of the Basel Kupferstichkabinett; to Sep 7

BERLIN

EXHIBITION
Museum für Moderne Kunst, Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Stijlmar Polka: subtitled "The Three Lies of Painting" this show includes some 180 loans and will document Polka's work from 1962 to the present. Will transfer to Berlin's Hamburg station; to Oct 12

CHELTENHAM

CONCERTS
Cheltenham Festival
Tel: 44-1242-227979
● Orchestra and Choir of the Age of Enlightenment in works by Bach and a specially-commissioned work by Betty Roe; directed by Paul Nicholson, with soprano Ruth Hoffman and bass Peter Harvey; at the Town Hall; Jul 12
● Hanover Band and Corydon Singers: conducted by Matthew Best in works by Wagner, Pärt and Brahms; at Tewkesbury Abbey; Jul 14
● Bourne-mouth Symphony Orchestra: conducted by Paul Daniel in works by Brahms, Schwebel and Mozart; at the Town Hall; Jul 16

OPERA

La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 12

DROTTHINGHOLM

OPERA
Drottningholms Slottsteater
Tel: 46-8-4570600
Euridice: Swedish premiere of Jacopo Peri's opera, which dates from 1600. Produced by Karl Dunér, and designed by Peder Freij, with the Drottningholm Theatre Orchestra conducted by Jakob Lindberg; Jul 12, 15, 16, 18

EDINBURGH

EXHIBITIONS
Scottish National Gallery of Modern Art
Tel: 44-131-624 6200
Matthew Dalziel and Louise Scullion - Endlessly: first showing for video installation created by the young Scottish artists on Scotland's north-east coast; to Sep 14

Scottish National Portrait Gallery
Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart; this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

FORT WORTH

EXHIBITION



'Fenêtre ouverte à Caracas', 1956, by Charles Smith, the subject of a retrospective in Lausanne

Kimbell Art Museum
Tel: 1-817-3328451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908; to Sep 7

GLASGOW

EXHIBITION
McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pissarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian café society on the new painting; to Sep 7

GRAZ

CONCERT
Styriarte Festival
Tel: 43-316-825000
Der Graf von Gleichen: its libretto banned by the censor, Schubert's last opera remained unfinished. By piecing together the fragments and filling in the gaps, contemporary Austrian composer Richard Dürner has created a finished piece, performed here by the Graz Philharmonic Orchestra conducted by Andreas Stöhr; at the Stefanienaal; Jul 12

KASSEL

EXHIBITIONS
Various venues
Documents: giant five-yearly survey of contemporary art which takes place all over Kassel, starting at the old railway station. This tenth edition has been selected by French curator Catherine David, formerly of the Centre Georges Pompidou, who means to make a defining statement about culture at the end of the century; to Sep 28

LAUSANNE

EXHIBITIONS
Fondation de l'Hermitage
Tel: 41-21-312 5001
Charles Camoin (1878-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of Cézanne; to Oct 5

Musée Cantonal des Beaux-Arts
Tel: 41-21-312 8332
COBRA 1948-1951: organised to mark the 50th anniversary of this post-war group of experimental artists, who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam. The exhibition will travel to Munich and Vienna; to Sep 14

LONDON

CONCERTS

BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● Bernard Haitink conducts the BBC Symphony Orchestra, Chorus and the BBC Singers in Beethoven's Missa Solemnis; Jul 18
● Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera Die Vershworenen, performed by the Orchestra of the Age of Enlightenment. Soloists include soprano Hillevi Martinpelto; Jul 19

DANCE

London Coliseum
Tel: 44-171-632 8300
● The Kirov Ballet: Swan Lake - casts vary; Jul 12
● Symphony in C/Giselle - Balanchine's masterpiece is staged by John Taras of New York City Ballet, with casts to include all of the Kirov's leading ballerinas; Jul 14, 15, 16, 17
● The Sleeping Beauty - casts vary; Jul 18, 19

EXHIBITIONS

British Museum
Tel: 44-171-6361555
Arts of Korea: overview of Korean art and archaeology ranging from the Neolithic period to the 19th century. Exhibits include a royal gold crown from the Sila kingdom, early Buddhist manuscripts, Koryo ceramics and 16th century landscapes. The exhibition is scheduled to run until 2000, when it will be replaced by a new, permanent Korean Gallery

Hayward Gallery
Tel: 44-171-261 0127
● Rhapsodies in Black: Art of the Harlem Renaissance - for African American artists working in New York, the 1920s were something of a golden age. Harlem is dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17
● Taseuo Miyajima: Big Time - comprising six installations by the young Japanese artist renowned for his use of electronic digital counters (LEDs); to Aug 17

National Gallery
Tel: 44-171-639 3321
Seurat and The Bathers: places Seurat's great 'Bathers at Asnières' in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

Royal Academy of Arts
Tel: 44-171-304 7438
Hiroshige: Images of Mist, Rain, Moon and Snow - celebration of the bicentenary of Hiroshige (1797-1858), Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

OPERA

Royal Opera House
Tel: 44-171-304 4000
Die Meistersinger von Nürnberg: Bernard Haitink conducts Graham Vick's production of Wagner's opera. John Tomlinson sings the role of the post-cobler Sachs. The final performance will be the last opera staged at Covent Garden before the

theatre closes for renovation; Jul 12

THEATRE

National Theatre, Cottesloe stage
Tel: 44-171-9282252
● Closer: new play written and directed by Patrick Marber, with a cast including Claran Hinds; in repertory
● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; in repertory

National Theatre, Lyttelton stage
Tel: 44-171-9282252
● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; in repertory
● The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner; in repertory

National Theatre, Olivier stage
Tel: 44-171-9282252
Guys and Dolls: revival of Richard Eyre's production, with a cast including Imelda Staunton as Miss Adelaide; to Aug 30

Shakespeare's Globe

● Henry V: by Shakespeare - Mark Rylance stars as the young king in a production directed by Richard Olfendick and designed by Jenny Trnamani; in repertory
● The Winter's Tale: by Shakespeare - directed by David Freeman; in repertory

The Old Vic
Tel: 44-171-928 6655
● The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Timothy West her unhappy son, Michael Pennington her lover; in repertory
● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard are Estragon and Vladimir. The director is Peter Hall; in repertory

LOS ANGELES

EXHIBITIONS
Museum of Contemporary Art
Tel: 1-213-626 6222
● Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition has been seen in Washington and will travel to Japan; from Jul 13 to Oct 5
● My Life. Mark Morrisroe: Polaroids 1977-1988 - 188 self-portraits and portraits of the artist's friends and lovers, mostly taken in bleak domestic settings; to Sep 14

MONTREAL

EXHIBITIONS
Museum of Fine Arts
Tel: 1-514-285 1800
Ediles and Emigrés: The Flight of European Artists from Hitler - focusing on the twelve years of Nazi rule 1933-45, this show, previously seen in California, explores the work of 23

artists during their years in exile. Those featured include Salvador Dalí, Max Ernst, George Grosz and Piet Mondrian; to Sep 7

NEW YORK

CONCERTS
Lincoln Center Festival 97
Tel: 1-212-875 5030
● New York Philharmonic at the Avery Fisher Hall. Kurt Masur conducts a programme of works by Henze and Wagner. With soprano Deborah Voigt; Jul 12, 14
● New York Philharmonic at the Avery Fisher Hall. Music director Kurt Masur's 70th birthday is to be celebrated in a programme of popular favourites. With Anne-Sophie Mutter and other guest artists to be announced; Jul 18
● New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring countercurrents to Wagner, featuring the rarely performed Mendelssohn oratorio Die erste Walpurgisnacht and the Brahms Violin Concerto; Jul 19

DANCE

Lincoln Center Festival 97
Tel: 1-212-875 5030
The Royal Ballet at the Metropolitan Opera House: The Prince of the Pagodas. Music by Benjamin Britten. NY premiere of this three-act ballet, choreographed by Sir Kenneth Macmillan. Darcey Bussell is Princess Rose; Jul 18, 19

EXHIBITIONS

Museum of Modern Art
Tel: 1-212-708 9480
● Objects of Desire: The Modern Still Life - beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
● This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Ambassador, 219 W. 49th St.
Tel: 1-212-239 6200
Bring In Da Noise, Bring In Da Funk: tap dancing spectacular with a political message about the history of black America, choreographed by Savion Glover with a text by Reg E. Gaines; to Oct 12

Belasco, 111 W. 44th St.
Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page; to Jul 26

Lincoln Center Festival 97
Tel: 1-212-875 5030
● Las Danaides: US premiere of Silviu Purcारे's reconstruction of Aeschylus' 470 BC tetralogy. Performed in French with English superlatives: Danrosch Park, 62nd St near Amsterdam Ave; to Jul 20
● Wozza Afrika: After Apartheid - four different programmes of South African township plays, intended to illustrate the changes which have taken place over the past ten years. All are US premieres. Presented at the John Jay College Theater and LaGuardia Theater; to Jul 27

Manhattan Theatre Club, City Center
Tel: 1-212-581 1212
Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci and Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2

OTTAWA

EXHIBITIONS
National Gallery of Canada
Tel: 1-613-960 1985
Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

DANCE
Opéra National de Paris, Palais Garnier
Tel: 33-1-43389696
Sylvia: the Opéra Ballet performs a new version, with fresh choreography by John Neumeier, to music by Delibes; Jul 12, 14, 15

EXHIBITIONS

Jeu de Paume
Tel: 33-1-4703 1250
César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet
Tel: 33-1-4272 2112
Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; to Jul 27

Musée National d'Art Moderne, Centre Georges Pompidou
Tel: 33-1-4478 1233
Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

OPERA
Opéra National de Paris, Opéra Bastille
Tel: 33-1-44731900

● Manon: by Massenet. Musical director Gary Bertini presides over a staging by Gilbert Dello, with designs by William Orland; Jul 12
● Rigoletto: James Conlon conducts Jérôme Savary's staging of Verdi's opera, with sets by Michel Laboix; Jul 15

SANTA FE

OPERA
Santa Fe Opera
Tel: 1-505-986 5900
● Semole: new production of Handel's opera, conducted by John Nelson and directed by John Copley. Elizabeth Futal sings the title role; Jul 12
● La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demi-monde and conducted by Christopher Larkin; Jul 18
● Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Jul 19

TANGLEWOOD

Tanglewood Festival
Tel: 1-617-931 2000
CONCERTS
● The Leonard Bernstein Memorial Concert: Robert Spano conducts the Tanglewood Music Center Orchestra in works by Bernstein, Mozart, Dvorák and Brahms, with violin soloist Isaac Stern; the Shed; Jul 13
● Seiji Ozawa conducts the Boston Symphony Orchestra in works by Takemitsu, Mozart and Beethoven. With piano soloist Peter Serkin, baritone Mark Oswald, and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 18
● James Conlon conducts the Boston Symphony Orchestra in a programme of works by Britten, Bruch and Stravinsky. With violin soloist Itzhak Perlman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Jul 19

OPERA

Las Marmelles de Trévières: this fully staged production of Poulenc's opera, directed by David Kneuss, is preceded by two vocal chamber works by Ligeti; performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the Theatre; Jul 17, 19

THE HAGUE

EXHIBITIONS
Museum Het Paleis
Tel: 31-70-338 1111
The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; the black dining room from Huysmans' novel "A rebours"; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floor are 30 portraits of celebrated dandies and numerous accessories. On the top floor are caricatures, fashion plates and modern examples of the influence of the dandy; to Aug 31

THESSALONIKI

EXHIBITIONS
Museum of Byzantine Culture
Tel: 30-51-868570
Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them; to Dec 31

VENICE

EXHIBITIONS
The Giardini di Castello, the Corderie della Tana and elsewhere in the city
Venice Biennale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past". Its curator, the critic Germano Celant, has opted to present the work of 71 artists in three chronologically ordered categories beginning with the 1960s; to Nov 9

VIENNA

EXHIBITIONS
Kunsthause Wien
Tel: 43-1-720495
Schmidt-Rottluff (1884-1978): comprehensive exhibition of the work of the German expressionist, comprising around 180 works, including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
Picasso - The Early Years, 1892-1906: making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Paris. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27

ZURICH

EXHIBITIONS
Kunsthause Zürich
Tel: 41-1-262-0809
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock, Andy Warhol and Chuck Close; to Sep 7

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Seascope Shipping Hedges is raising £4m via a placing.

FT WEEKEND

True Fiction / Kieran Cooke

Night of the strangler shrubs

Forget about holes in the ozone layer, disappearing rainforests and plunging sperm counts. There is something far more dreadful out there – a terrifying force poised to squeeze the last breath out of each and every one of us.

I speak, of course, of rhododendrons.

Did I hear a titter? No sir, this is not the gardening column and you jest at your peril. The massed ranks of rhododendrons are on the rampage. Soon they will be at your door, threatening all you hold dear and ready to destroy your world as completely as any melting ice cap or high-speed meteorite.

Let me tell you a tale that will have you rushing home to erect barricades.

At about this time of year, when the social season is at its height, a great man in a big house in County Tipperary

invites the chosen to a grand party.

The bash this year was more lavish than usual. The most ardent among the fork and spoon brigade could not exhaust the delicacies provided.

The drink was another matter. There was enough Krug to float a battleship; the house was drowning in Mouton Rothschild. A rocket could have flown to the moon and back with all the liqueurs on offer.

Needless to say, the night was long and full of antics. The dancing got under way at last. A large lady in a small dress became too energetic during the tango and threw her partner, a

champion jockey, into the band.

A priest did a prolonged impression of a whirling dervish before gently sliding under the table, where he conducted a conversation with himself in Latin.

I spent most of the night trying to teach Irish step dancing to an heiress from Tucson ("My daddy is in chian stores"). At some point I must have lost my rhythm – the last thing I remember before coming to in the scullery was hopping across the tent

much in the manner of a driverless pogo stick. The heiress was clearly unimpressed; when I returned she had taken up with a junk bond trader.

At about 5am I decided to call

it a night. My host, as genial as ever, inquired of my transport arrangements.

"Drilling tish hotie."

"Pardon?" said the great man.

"Hotie be tish driving." My mouth was having a bad time of things. I was sensibly relieved of my car keys. It was suggested Major B. ace of the bloodstock world, should give me a lift to the hotel.

Major B is well known for having never touched a drop. This made me feel secure as I sat beside him in his Armstrong Siddeley.

How wrong I was! Years ago the Irish government was confronted with an unmanageably

long list of applications for the driving test. It did the pragmatic thing: declared that all those waiting – some of whom would have difficulty identifying a car, much less driving one – would be given a full licence. The Major was one of those to slip through the net.

A great man with a big house has to have a long drive. He also has to have a lake. The Major found steering round a gentle left-hand bend too much of an effort. We took off through paddock lands, scaring the daylights out of a few choice geldings.

In my relaxed state, I presumed we were on the scenic route or undertaking

some cunning short cut. "What the bloody hell are those trees doing there?" the Major suddenly shouted. There was a crashing and splintering. A revving of the engine. Then silence – apart from a gentle snoring coming from the driver's seat.

After checking the workability of various limbs, I made efforts to extricate myself. This is where the rhododendrons made their entrance. They climbed in the windows and smothered my face. They wound round my legs and arms with a grip tighter than a ring full of sumo-wrestlers.

It was midday before we were

set free from that living hell. The Major, having had a good sleep, seemed unaffected by it all. I am marked for life.

My doctor tells me I have a severe case of floral paranoia. I cannot sleep for nightmares of being strangled by shrubs. I see rhododendrons growing everywhere. Soon they will take over the whole country.

I refuse to enter any garden – most inconvenient with the outdoor party season in full tilt. I have been put in touch with the rhododendron support group.

A man who retired to the Isle of Jura says the evil shrub has ruined him. "First it was the chickens, then the dog," he writes. "Finally, the other evening, Mabel went out to tend her Sweet Williams down where those terrible bushes grow. I have not seen her since and fear the worst..."

It's no more of the outdoors for me.

Metropolis

Murder and riots rock the cranky Boulder

Jurek Martin finds a liberal oasis becoming a victim of its lifestyle

I have a soft spot for Boulder, a combination of town and gown, 25 miles and several worlds away from big and bustling Denver, Colorado. This is a place for sampling the liberal and cranky zeitgeist of what is sometimes locally known as the People's Republic, right down to its nuclear-free zone.

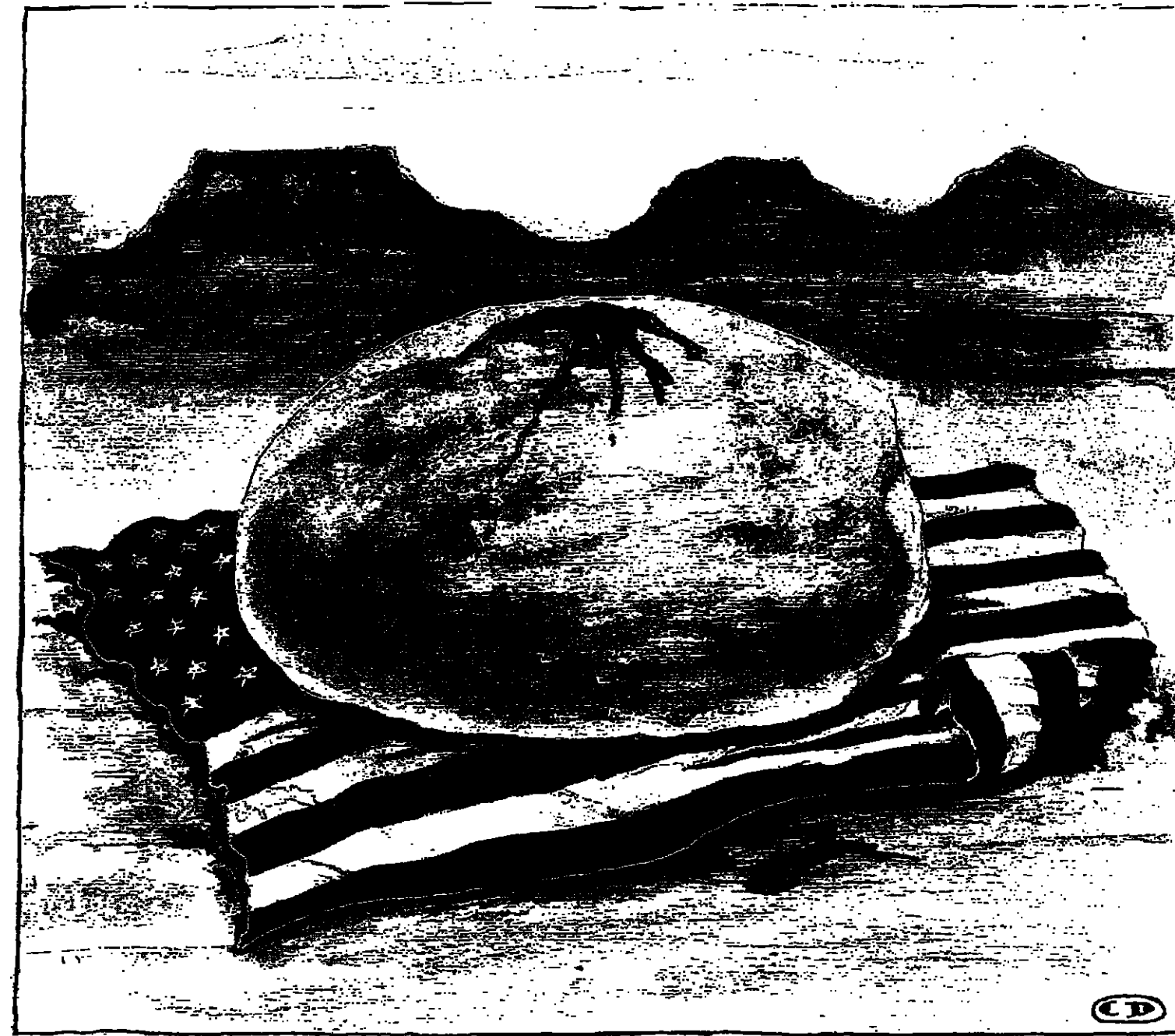
But hard times have come to the 80,000 souls nestling under the spectacular Flatiron rocks. They are not the hard times of a collapsed economy or a despoiled environment, but from that most American of vices – violence – from which Boulder, gazing down from its wrap-around summits, its hands grasping a beer or a fumé blanc, had always seemed immune.

It all really began last Christmas with the discovery in the million dollar mock-Tudor family home of the murdered body of Jon-Benet Ramsey, a six-year-old beauty queen. This is a crime, still unsolved, that has run and run ever since in the national supermarket tabloids and the heavy press as well, putting Boulder under the sort of public microscope it had always disdained.

Boulderites could console themselves that the Ramseys were new arrivals, that plebeian and politically incorrect beauty pageants had no part in local life and that the crude media hack packs would eventually swivel their spotlights elsewhere, allowing life to go on as usual.

But it never rains except that it pours. With the spring came another horror story. A university lecturer had asked the police, already under fire for bringing no prosecutions in the Ramsey case, to be present during a meeting with his estranged wife. While they waited downstairs, she stabbed him to death in a bedroom.

Then, improbably, students at the University of Colorado, normally so laid-back by the beauty of their surroundings as to be semi-inert, rioted in protest against a police crackdown on underage drinking. The law used rubber bullets – the police chief said he thought the use of live ammunition could have been justified – and \$500,000 worth of damage was caused. Boulder was truly shocked, but, being a good progressive town, pointed fingers of blame at both sides.



But the three incidents only added to the strain on local government, already divided and consumed by issues more typical of Boulder. The police chief is presumed to be on the way out, the mayor has said she will not run again and the city manager, who had suspended the local "open space" director, was effectively forced out after five years in the job. One of his major problems was trying, but failing, to persuade the city to spend \$900,000 on erecting a tea house from

Tajikistan on public land.

The tea house was a gift several years ago from the old Soviet regime in Dushanbe, the Tajik capital. Boulder has two other sister cities around the world, both reflecting its traditional liberal/leftwing causes. One is Lhasa, Tibet, the other Jalapa, Nicaragua. The Dalai Lama visited Boulder in late May and was rapturously received, much as Sandinista leaders had been 10 years ago.

Paul Danah, now a county commissioner but previously

on the city council, says the old tension between the twin poles of Boulder politics – social liberals and environmental liberals – has been getting worse. The debate has been mostly over the issue of open space, or land use, to the point that government has become all but paralysed over growth versus no-growth policies.

In a sense Boulder is the victim of its own beauty and seductive lifestyle. It is fast becoming a natural home for the new breed of high-tech and other professional entre-

preneurs drawn to the Rocky Mountain states. Philip Burgess, of Denver's Center for the New West think-tank, calls them Lone Eagles: "knowledge workers who live by their wits and who

require only a computer, a modem, a fax machine, express mail and an airport to remain linked to the outside world".

In many respects they are perfect immigrants for a

town like Boulder, 70 per cent of whose residents have university degrees, but only so long as their work remains in the R&D phase. Once they start expanding, especially into manufacturing, space can get tight.

It was one thing to find room a quarter of a century ago for Celestial Seasonings – after all, the herbal tea company was itself a reflection of Boulder tastes – but another to accommodate the needs of the fastest growing industry in the country.

The solution was to push growth outside city limits. Thus, the road to Denver, flanked by ranches 20 years ago, now resembles a high-tech factory strip mall, with sprawling housing developments, golf courses and heavy traffic to match.

But Boulder cannot insulate itself from this. Its own main streets are now choked with cars, mostly up-market Jeeps and four-wheel drives, vying for space with those whose natural habitat it once was – marathon runners and cyclists in training, skateboarders, sandals environmentalists, refugees from central American dictatorships and the occasional mountain lion.

Paul Danah, thinks local government must eventually reflect modern reality and that independent-minded businessmen (and women) will probably supplant the "old Marxist ladies" who have run the town for so long and given it a unique flavour.

"Only in Boulder" has long been a popular phrase in Colorado, frequently used derisively, sometimes with sneaking admiration and respect for the town's aesthetic. It certainly was an oasis of sorts from the world outside – "ten square miles surrounded by reality", as Paula Austin, a university undergraduate puts it. There are bits of reality, like murder and mayhem, that Boulder would rather have done without.

Arcadia

Man's virtuous helper

Tom Fort pays tribute to the long-suffering, much-abused donkey

When Emma opened her young lungs to send a first, raucous bray echoing across an Italian valley, Buddy Holly was not long dead, the Mini was being born and Khrushchev was making an uncouth exhibition of himself in the US.

They have staying power, donkeys. Thirty eight years on, Emma's voice has lasted as well as Kiri Te Kanawa's. The chestnut coat still has a sheen to it, though the face has greyed at the muzzle. Emma is in good shape. But donkeys have not always lived such happy lives.

Over the ages, the donkey has been man's chief helper from the animal kingdom – far less likely to let you down than Roy Rogers' four-legged friend, more reliable than any hound. Four thousand years before Jesus rode on one into Jerusalem, the donkey was doing its stuff for Egyptian civilisation.

The qualities of the beast are legion. It is long-lived, robust in health, vastly strong for its size, submissive, calm, infinitely enduring. Its dietary needs are simple: hay or grass. In return for bare sufficiency, it will give two score years of unflinching, if slow-moving,

transport. Its problem is that it is too virtuous to inspire our love. We like our pets to be capricious, demonstrative and vulnerable: to need us. The donkey is too quiet, too self-contained and far too patient for its own good.

Its reward is to have been the most abused creature ever created. It has been the donkey's lot to be kicked, whipped, beaten, exploited, excreted, tortured, mutilated, murdered. On its docile form has been vented all the fury and frustration engendered by man's eternal struggle with the unforgiving soil. And the donkey has never hit back.

So we have labelled it the living embodiment of stubbornness. We annex its names, and call idiots an ass or a jackass. No cruelty, no outrage, against a donkey is beyond the pale.

Take poor Modestine, Stevenson's celebrated companion in *Travels with a Donkey in the Cévennes*. She is the indispensable who made the book immortal. Yet the young Scotsman's treatment of her is abominable, ranging from the merely brutal to the outright sadistic.

There is a horrible joy in his tone as he recounts how he laid aside the cudgel with

which he had been belabouring her until his arm ached; and took up the goad, a wand with a pin in its end, a prick from which "she broke into a gallant little trotlet and devoured the miles".

The Emma of my story has suffered no such tyranny. In donkey terms, her life has been as luxurious as that of

dren were found good homes, no easy task in a culture which gives high esteem to donkey salami.

In those distant days, donkey work was still essential to the working life of the valley. Dawn was filled with the clatter of hooves on the old, stony trails as the peasants made their way to olive grove or steep fields. Come evening, and back they would come: the beasts half hidden by their impossible loads, their owners thirsty for red wine but still vocal in abuse and exhortation. There was no hurry, for a donkey will not hurry.

Now it has departed. No longer are the sons of those peasants prepared to submit themselves to the laborious existence which is all this land can afford them. It is not worthwhile to harvest the olives; the fruit from the ancient, twisted trees falls and rots. The orchards are choked, the fields left to become wilderness.

As in the valley, so across civilised Europe: no one needs the working donkey any more. Ireland used to have 200,000 of them; the beast under its mountain of hay was almost a national symbol. Now there are only a few thousand left, and those are being converted as

Stevenson's treatment of Modestine is abominable – brutal and sadistic

Nero's wife Poppaea, who bathed in the milk provided by her herd of 500 asses; and a good deal more peaceful. Her owner is my uncle, a man possessed by the most powerful tender-heartedness towards animals, and toll she has never known.

The nearest approach to exertion she has had to endure was in her distant youth, when she would be driven by the silver-stubbled gardener Giovanni up the hill to be impregnated by some gentleman ass of sound character. Her chil-

dren were found good homes, no easy task in a culture which gives high esteem to donkey salami.

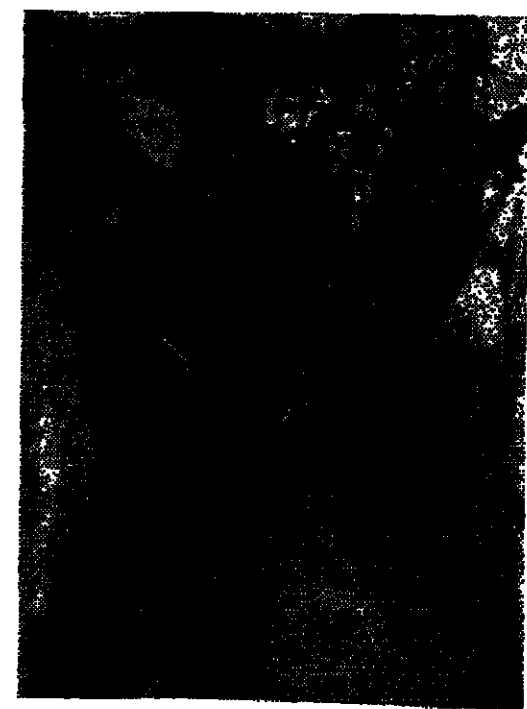
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E.2 Kirschner

Strassenszene, 1913



Sold at Sotheby's for £1.9 million in June, 1997

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SOTHEBY'S